



The Greater Juneau Chamber of Commerce

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August 18, 2018

The Hon. Kendell Koelsch, Mayor
Members of the Assembly
City & Borough of Juneau
155 South Seward Street
Juneau, Alaska 99801

Ref: Proposed Ordinance 2018-40
Proposed Ordinance 2018-43-(b)

Dear Mayor Koelsch and Assembly:

The Greater Juneau Chamber of Commerce does not support 2018-40 but would support 2018-43-(b) with the changes described below. We believe that the construction of the New Juneau Arts & Culture Center (JACC) could prove, under the right economic conditions - particularly with access to additional population that Juneau Access would provide - to be an asset to the community. It is a component of the *Revitalization of the Willoughby District* that was approved as part of the CBJ's *Juneau Economic Development Plan* adopted in February of 2015 with Chamber support.

Last fall, the City Manager originally proposed funding of \$8.5 million for the Centennial Hall renovation as part of the 1% sales tax renewal. The Assembly eventually approved \$4.5 million of the original request. We are concerned that less than a year later, the City Manager is proposing to spend over \$7 million for a variety of Centennial Hall improvements that relate primarily to the New JACC which in effect continues to neglect the deferred maintenance needs identified last year. Not budgeting for appropriate levels of maintenance distorts the true operating expenses and to-date losses. The actual losses at Centennial Hall are well in excess of what the CBJ reflects when deferred maintenance is accounted for, as it must be. Because this has not been done we now have an aging and badly maintained facility.

The CBJ needs to address all the deferred maintenance and facility upgrades necessary to bring Centennial Hall up to market standards to compete for outside conventions. In addition, there needs to be a funding plan that will ensure that the maintenance of the facility and ongoing equipment replacement and upgrades do not suffer from the same neglect that has brought us to this point.

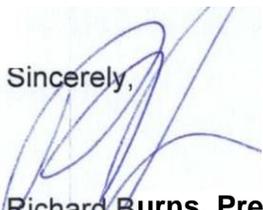
To address this, the Chamber at this time must support a revised 2018-43(b) that is specific and limited to Centennial Hall. This would require amending the proposed ordinance by removing the third “WHEREAS” regarding a \$2 million grant to the New JACC project and removing paragraph B under the heading of Purpose regarding a heated corridor. Absent amendments to this effect, we would object to both proposed Ordinance 2018-40 and 2018-43(b) and do not support either being placed on the ballot. They are premature at this point in time.

We recognize that the CBJ owns the existing JACC, which needs major repairs which may or may not be cost effective. The Chamber believes that any New JACC should be funded primarily from private sources, and that any injection of public funds should not expose the CBJ to any responsibility for operations or maintenance, now or in the future.

In addition, while the Juneau Arts & Humanities Council has successfully managed the JACC, their new role of managing Centennial Hall, which still operates at a deficit they inherited, demands their focus on improving the financial performance of Centennial Hall on behalf of the CBJ. It is prudent to allow sufficient time to pass to ensure that the taxpayer sees improvement in the performance. In turn, the business plan for the New JACC needs to reflect this new arrangement as well as other conditions that have changed since the plan was first created. As an example, “how will JAHC management address competition for space?” if both facilities are in need of customers.

There are other community issues that demand taxpayer participation and all priorities need to be weighed carefully. The Assembly is going to undergo a significant change with this year’s election and it seems wise and prudent to allow the new full Assembly to take a fresh look at all these issues.

Sincerely,



Richard Burns, President
The Greater Juneau Chamber of Commerce