

MEMORANDUM

CITY/BOROUGH OF JUNEAU

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DATE: June 13, 2018

TO: Jesse Kiehl, Chair
Assembly Finance Committee

FROM: Mila Cosgrove
Deputy City Manager

SUBJECT: Centennial Hall Management Agreement Overview

Background

CBJ staff have been working with the Juneau Arts and Humanities Council (JAHC) to develop a management agreement for Centennial Hall operations. This document serves to provide a conceptual overview of management agreement terms as well as an overview of the financial terms. Both the CBJ and the JAHC are prepared for a July 1, 2018, handoff.

Operations: Key provisions include:

- CBJ retains responsibility for significant aspects of the physical plant including building envelope, systems, major repairs, and most preventative maintenance.
- JAHC is responsible for minor repairs and minor preventative maintenance.
- JAHC is responsible for booking and running events including all staffing and management activities.
- JAHC will establish a User Advisory Group.
- JAHC, on an annual basis, will submit an operational plan, a facility maintenance plan, an operating budget, and, in conjunction with Travel Juneau, a marketing plan.
- Significant operational policies (fee structure, priority for use, etc.) must be approved by the Contract Administrator (Parks & Rec).
- The agreement is set for a five year term, with the ability to renew in 5 year increments. Either party can terminate the agreement with a 6 month notice unless there is cause and then CBJ can terminate immediately. The agreement can also be terminated by mutual agreement along other time frames.
- All other "normal" type of provisions regarding records, insurance, and other risk management safeguards have been included.

Financial Terms. We reached agreement on terms and are running it by bond council for their review as well. These are the terms:

- We based the FY19 financial terms on the approved FY19 budget for Centennial Hall. The Assembly approved budget was allocated between the JAHC and the CBJ according to the division of duties in the management agreement. The funding absorbed PERS ongoing indebtedness fees (\$50k per year) and a JAHC management fee (\$90k). There is a slight savings of \$2500.
- In any given fiscal year, should the JAHC manage Centennial Hall in a manner that generates additional net revenues (total revenues, less total expenses), 50% of the additional funds shall be payable to the JAHC as an increased management fee, 25% shall be placed into a Centennial Hall fund balance, and 25% shall be placed into the Equipment Replacement Reserve.
- In any given fiscal year, should projected user fees fall below budgeted revenues, 50% of the shortfall shall be made up through the Centennial Hall fund balance (when funding allows) and 50% shall be payable by the CBJ from Hotel Tax fund balance.
- Should the JAHC exceed authorized budgeted expenses not offset by additional revenues, such excess expenditures shall not be funded from Centennial Hall reserves and the JAHC will be liable for the additional expenses. However, should such additional expenditures be outside the JAHC's control, CBJ will be financially responsible in whole, or in part depending on the specific circumstances. Examples of expenditures outside of the JAHC's control include maintenance and repairs due to damage from unforeseen events, staffing costs related to a declared emergency or other non-revenue producing use, or the inability to generate revenue due to unforeseen building closures.

Assembly Action Requested:

This is an informational item only.