

**L Aid-on-the-Table**

Submitted by: Assembly Member Brawley  
Prepared by: Assembly Counsel's Office  
For reading: June 6, 2023

**ANCHORAGE, ALASKA  
AR No. 2023-182(S)**

1 **A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING**  
2 **NOT TO EXCEED ELEVEN MILLION ONE HUNDRED THOUSAND DOLLARS**  
3 **(\$11,100,000) [~~SEVEN MILLION DOLLARS (\$7,000,000)]~~ OF AREAWIDE**  
4 **GENERAL FUND (101000) FUND BALANCE TO THE AREAWIDE GENERAL**  
5 **CAPITAL IMPROVEMENT PROJECTS (CIP) FUND (401800), MAINTENANCE &**  
6 **OPERATIONS DEPARTMENT, TO BE USED FOR CONSTRUCTION OF A**  
7 **NAVIGATION CENTER AND EMERGENCY SHELTER AT TUDOR AND ELMORE**  
8 **(SITE 27).**  
9

10  
11 **WHEREAS**, the Fairview community has been unfairly burdened with the use of the  
12 Sullivan Arena as a last second Emergency Cold Weather Shelter and unless action  
13 is taken they will again have a high probability of experiencing that same burden in  
14 the fall of 2023, and

15  
16 **WHEREAS**, it has been shown that the Sullivan Arena is not a purpose-built  
17 Emergency Cold Weather Shelter and is not ideally located for such services placing  
18 undue burden on the surrounding Fairview Community, and

19  
20 **WHEREAS, the number of individuals experiencing homelessness and not**  
21 **currently in shelter or housing is estimated to be between 500 and 700, and the**  
22 **projected need for emergency winter shelter may be upwards of 600**  
23 **individuals, based on 2022 utilization of the Sullivan Arena as reported on April**  
24 **28, 2023<sup>1</sup> ; and**

25  
26 **WHEREAS**, the proposed Navigation Center, through prior efforts in 2021 and 2022,  
27 has shown that the Tudor and Elmore site (Site 27) meets many of the ideal criteria  
28 such as location near medical, police, and transportation services; and not  
29 immediately embedded in a neighborhood community, and

30  
31 **WHEREAS**, the Cold Weather Emergency Shelter would have the ability to provide  
32 shelter for 150 beds with an additional surge capacity of 50 beds, and

33  
34 **WHEREAS, full operation of this proposed facility at surge capacity leaves an**  
35 **estimated gap of between 300 and 500 unsheltered individuals, which means at**  
36 **least one or more other facilities are necessary to meet the need this winter;**  
37 **and**

38  
39 **WHEREAS**, the Municipality of Anchorage defines a "Navigation Center" as a

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<sup>1</sup> Goodykoontz, E., *As Anchorage's Sullivan Arena Shelter Winds Down, an Excruciating Choice: Who are the 90?*, Anchorage Daily News, April 28, 2023, updated April 29, 2023( <https://www.adn.com/alaska-news/anchorage/2023/04/28/as-anchorage-sullivan-arena-shelter-winds-down-an-excruciating-choice-who-are-the-90/> accessed June 5, 2023).

1 Housing First, low-barrier, service enriched environment focused on moving  
2 individuals experiencing homelessness into permanent housing that provides  
3 temporary living facilities while case managers connect individuals experiencing  
4 homelessness to income, public benefits, alcohol and drug substance misuse  
5 treatment, health services, shelter, and housing; and  
6

7 **WHEREAS**, the proposed Navigation Center will follow a “Housing First” approach  
8 that prioritizes permanent housing to people experiencing homelessness, thus ending  
9 their homelessness and serving as a platform from which they can pursue personal  
10 goals and improve their quality of life; and  
11

12 **WHEREAS** the commitment to this approach is guided by the principle that people  
13 need necessities like food and a stable place to live before attending to anything less  
14 critical, such as getting a job, budgeting properly, or attending to behavioral health  
15 issues; and  
16

17 **WHEREAS**, the commitment to Housing First is based on the principle that client  
18 choice is valuable in housing selection and supportive service participation, and that  
19 exercising that choice is likely to make a client more successful in remaining housed  
20 and improving their life; and  
21

22 **WHEREAS**, the Municipality will employ the five keys of effective emergency  
23 sheltering at the Emergency Cold Weather Shelter co-located with the proposed  
24 Navigation Center: (1) Housing First approach, (2) safe and appropriate diversion, (3)  
25 immediate and low barrier access, (4) housing-focused rapid exit, and (5) data-driven  
26 performance measurement, and the Municipality will continue to work with a variety of  
27 subject matter experts in designing, implementing and supporting the programs,  
28 operations and services at the Navigation Center; and  
29

30 **WHEREAS**, the Municipality acknowledges that Emergency Cold Weather Shelter  
31 and other types of crisis housing (crisis beds, interim housing, motel vouchers) play a  
32 critical role in the Municipality’s Emergency Cold Weather response and that people  
33 in a housing crisis will always need a safe and stable place to go that is immediately  
34 available; and  
35

36 **WHEREAS**, the Municipality commits to support the community’s goal of reaching  
37 functional zero, which is a milestone that indicates a community has measurably  
38 ended homelessness for a population and that success is measured by whether they  
39 are driving population-level reductions in homelessness; and  
40

41 **WHEREAS**, the Municipality commits to ~~[limiting the duration of the proposed~~  
42 ~~Emergency Cold Weather Shelter to]~~ keep the focus on achieving functional zero  
43 through housing individuals experiencing homelessness and supporting existing  
44 shelters, prevention and housing programs in Anchorage; and  
45

46 **WHEREAS**, the Municipality acknowledges that emergency mass care, a level of  
47 service that was provided for the first time by the Municipality was [is] an  
48 extraordinary intervention in response to an unprecedented pandemic and that  
49 unwinding mass care takes resources and interventions ~~[that are time limited]~~ to  
50 meet the ~~[heightened]~~ immediate need and that the community’s plan to end  
51 homelessness is focused on Housing First; and

1  
2 **WHEREAS, \$4.9 million for construction of this facility was appropriated by AR**  
3 **2022-111(S), but a contract amendment put forward in AM 496-2022 was never**  
4 **approved by the Assembly as required by code, as admitted in a statement in**  
5 **AR 2023-196 presented by the Administration at a special meeting on June 5,**  
6 **2023: “The Administration has acknowledged that work that RHC performed**  
7 **above the original \$50,000 contract amount required Assembly approval under**  
8 **AMC sections 7.15.040 and 7.15.080, but no approval was requested by the**  
9 **Administration and no approval was granted by the Assembly”;** and

10  
11 **WHEREAS**, the Municipality commits by this Resolution to prioritize spending one-  
12 time funds on the procurement, **and** construction[, **and operation**] of the proposed  
13 Navigation Center, and to prioritize the recurring funding for housing and  
14 homelessness services currently in the Municipality’s budget on supporting effective  
15 Cold Weather Emergency Shelter, prevention and housing programs in Anchorage;  
16 and

17  
18 **WHEREAS**, the annual operating cost for the Navigation Center and Shelter is  
19 estimated by the Navigation Center and Emergency Shelter Operations Plan  
20 presented on October 18<sup>th</sup>, 2022 at \$5,990,664 and such operation costs will be  
21 separately funded and be awarded via RFP, **but a proposed funding source to**  
22 **open the facility in November 2023 and fund ongoing operations into 2024 has**  
23 **not been put forward at this time**; now, therefore

24  
25 **THE ANCHORAGE ASSEMBLY RESOLVES:**

26  
27 **Section 1.** That the sum of Not to Exceed **Eleven Million One Hundred**  
28 **Thousand Dollars (\$11,100,000) [~~Seven Million Dollars (\$7,000,000)~~** is hereby  
29 appropriated from 2022 Areawide General Fund (101000) Fund Balance to the  
30 Areawide General Capital Improvement Projects (CIP) Fund (401800), Maintenance  
31 & Operations Department, to be used for the procurement and construction of a  
32 homeless and transient Navigation Center and Emergency Shelter with a capacity of  
33 150 overnight beds with a surge capacity of 50 overnight beds, specifically to be  
34 located at Site 27 in the vicinity of Tudor Road and Elmore Street.

35  
36 **Section 2.** **That the Assembly requests the Administration identify at least 1**  
37 **full-time MOA staff position or person employed under an existing term**  
38 **contract, to be fully responsible for project management and operations**  
39 **planning for the project described in Section 1 between June and December**  
40 **2023, or until completion of the project, whichever is later.**

41  
42 **Section 3.** **That the Assembly requests the Administration prepare an Operating**  
43 **Plan for shelter and navigation services at this facility, including staffing, client**  
44 **services, and facility operating costs, potential funding sources for operations,**  
45 **and a Request for Proposals for an operator by July 14, and to present the**  
46 **proposed plan at a future Assembly Homelessness and Housing Committee**  
47 **meeting.**

48  
49 **Section 4[2].** This resolution shall be effective immediately upon passage and  
50 approval by the Assembly.  
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PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Municipal Clerk

Department of Appropriation:

Maintenance & Operations: \$11,100,000 [~~\$7,000,000~~]

MUNICIPALITY OF ANCHORAGE



ASSEMBLY MEMORANDUM

No. AM \_\_\_\_-2023

Meeting Date: June 6, 2023

1 **From:** Assembly Member Brawley

2  
3 **Subject:** AR 2023-182(S): A RESOLUTION OF THE MUNICIPALITY OF  
4 ANCHORAGE APPROPRIATING NOT TO EXCEED SEVEN  
5 MILLION DOLLARS (\$7,000,000) OF AREAWIDE GENERAL FUND  
6 (101000) FUND BALANCE TO THE AREAWIDE GENERAL  
7 CAPITAL IMPROVEMENT PROJECTS (CIP) FUND (401800),  
8 MAINTENANCE & OPERATIONS DEPARTMENT, TO BE USED  
9 FOR CONSTRUCTION OF A NAVIGATION CENTER AND  
10 EMERGENCY SHELTER AT TUDOR AND ELMORE (SITE 27).  
11  
12

13 The original resolution does not include the complex history of this project, prior cost  
14 estimates, what is included or not included in the total development cost, and  
15 discussion of an operating plan or funding source(s), which is necessary for  
16 ensuring the facility can open and begin operations in November 2023,  
17 approximately 5 months from the resolution date. The substitute version of this  
18 resolution is to include additional context and to share prior information provided by  
19 the Administration and other parties in a work session on October 20, 2022, which  
20 are referenced in this memorandum and attached as exhibits.  
21

22 This is the third summer in which the Administration has stated that it can quickly  
23 and effectively stand up shelter by November, if the Assembly acts immediately.  
24 This has been a top—even exclusive—priority of the Administration for the last 3  
25 years to specifically develop this facility in order to provide year-round low-barrier  
26 shelter. This proposed shelter facility would be the first such investment at this scale  
27 in the city’s history, operated not in an existing building but a new facility, and not  
28 on an emergency-response basis like mass care operated at the Sullivan Arena  
29 during 2020-2022, or cold weather shelter during the winter of 2022-2023, but as a  
30 year-round operation.  
31

32 As stewards of public funds and the policymaking body of the Municipality, it is the  
33 Assembly’s duty to ensure responsible and appropriate use of these funds. It is  
34 important for all current Assembly members to have this additional context to  
35 evaluate the significant capital and operating investment proposed to be committed  
36 toward a purpose-built, municipally-funded facility, providing needed emergency  
37 shelter and access to services for our vulnerable populations experiencing  
38 homelessness.  
39

40 This S-version and accompanying AM proposed an updated estimate of total  
41 development cost, including an annual cost escalation since the initial estimate was

1 provided in 2021, as well as additional documentation provided by the administration  
 2 in a prior work session on October 20, 2022, and considers operations funding  
 3 needs and potential fund sources.

4  
 5 The prior appropriations of \$4.9 Million from capital improvement projects funds and  
 6 \$1.3 Million in alcohol tax funds to this project have been partially utilized for design  
 7 and other work, and the alcohol tax sourced funds may have been reappropriated  
 8 for other purposes in the FY23 annual budget. Verification by Finance and OMB of  
 9 the amounts used and remaining and available of those prior appropriations are  
 10 necessary in order to evaluate the funding needed to complete. It would be  
 11 inefficient and could cause delays if the amount appropriated by this resolution falls  
 12 millions short of the total needed to complete on the fast-track construction schedule  
 13 necessary to open the doors in November.

#### 14 **Estimated Construction Costs, Including Interior Improvements**

15  
 16  
 17 The table below uses the sources attached in the exhibits, primarily those previously  
 18 provided by the Administration, to provide justification and sources for the increased  
 19 appropriation needed to complete the project as intended, proposed in the S-  
 20 version.

21  
 22 The original estimate is \$15.2 million, which included purchase of the Sprung  
 23 Structure, building the foundation, sitework and utilities, shipping the structure,  
 24 installing the structure, and other hard construction costs.

25  
 26 While the assumptions and prior plans for the navigation center appeared to only  
 27 include site work and vertical construction, construction for purposes of operating  
 28 the shelter and navigation center needs to also include furniture, fixtures and  
 29 equipment (FFE) including beds and other furniture, office equipment, supplies and  
 30 other items that need to be physically present in the building in order to begin  
 31 operations promptly. The costs ranged from \$565,000 to \$2.5 million; given the short  
 32 timeframe and overall price inflation experienced in the last year, the higher estimate  
 33 was used.

34  
 35 Finally, the original estimate of \$15.2 million was produced in 2021, two years ago.  
 36 Given the rapid increase in construction costs across industries nationwide as well  
 37 as locally, including materials and labor, it is reasonable to assume that the total  
 38 development cost has also increased in the last two years. While local costs for both  
 39 materials and labor are reported to have increased by double-digits since February  
 40 2020, a 5% annual cost escalation was applied (5% each for 2 years) to the total  
 41 development cost minus existing costs, to provide a more realistic estimate for a  
 42 new appropriation.

43

Funding Category	Amount	Notes
<b>Total Dev. Cost (TDC) (2021 dollars)</b>	<b>\$15.2 million</b>	July 2021 estimate, includes purchase of structure.
Structure purchased	- \$2.0 million	Purchased in 2022
FFE, interior buildout	\$2,500,000	Not included in initial estimate;

		includes build-out to prepare for initial operations, estimated 10/7/22
Adjusted Cost to Open (2021 dollars)	\$15.7 million	Total funding needed open a fully-functional facility serving clients on day 1, excluding operating costs.
<i>New assumption: +5% annual cost escalation</i>	\$ 2,109,250	Construction costs (materials, etc.) have increased considerably in the last 3 years.
<b>Total Dev. Cost (TDC) (2023 dollars)</b>	<b>\$17,309,250</b>	2023 dollars, includes prior costs identified but not listed in total.
<i>Prior site work</i>	\$ 2,455,351.93	<i>Assumes total value of work completed by Roger Hickel Contracting, AR 2023-196 (6/5/23). While much of this site work was included in the 2021 TDC, there may be additional costs to restart the work, and evaluate if all prior work is viable for use. This cannot be subtracted from the cost, because it has not been paid.</i>

1  
2 Additionally, prior estimates included a rough order of magnitude (ROM) range from  
3 75% to 175%, which stated the total cost could be as high as \$20,852,519. This  
4 figure was not included as an assumption in this cost estimate, but illustrates the  
5 variability of cost for such a large project, particularly when an interior plan needs to  
6 be developed for both shelter space and space for navigation services, as well as  
7 other spaces for preparation of meals, storage and laundry, staff-only spaces,  
8 restrooms and showers, and other components.

### 9 10 11 **Availability of Capital Funding for Construction**

12  
13 The memorandum attached to the original resolution, AM 418-2023, identifies two  
14 sources, both appropriated to this purpose in 2022 through AR 2022-111(S), but  
15 without contract approval to authorize payment for construction services. The  
16 availability of these funds for use in 2023 is currently under dispute between the  
17 legislative and executive branch, meaning whether these funds are still available for  
18 to spend on contract procurement for this project in 2023, or for reappropriation.

19  
20 Additionally, approximately half of the \$4.9 million identified is also currently the  
21 subject of a lawsuit, or potential settlement, by Roger Hickel Contracting for work  
22 completed, without contract authorization, in 2022, for a total of \$2,455,351.93. If  
23 this work may be counted as progress toward construction of the navigation center,  
24 it also must be subtracted from the total remaining available for completion of this  
25 project.  
26

1 Alcohol tax funding for this project, also appropriated in May 2022 but not authorized  
 2 to be spent by 12/31/22, may not be available for this purpose in 2023. During the  
 3 1<sup>st</sup> quarter budget revision process, through amendments passed by the Assembly  
 4 on April 25, 2023, all available alcohol tax fund balance was re-appropriated to other  
 5 one-time expenditures addressing homelessness, including funding for housing,  
 6 shelter, and outreach.<sup>1</sup> Among these was \$326,000 toward one month's operation  
 7 of the Sullivan for 90 individuals (\$290,000) and \$36,000 to keep the facility open  
 8 for its 360 clients for 1 additional day (5/1/23).

9  
 10 **For purposes of this S-version, Scenario A was used, to match the**  
 11 **assumptions in the original resolution. For the reasons noted above, however,**  
 12 **Scenario B is a more realistic scenario, particularly in regard to alcohol tax**  
 13 **funds.**

14 *Scenario A: Funds Identified in Resolution Are Available*

15  
 16  
 17 If all funds listed are indeed available as stated, using the 2023 TDC estimate in the  
 18 prior section, there is still a gap of \$900,000. The table below also assumes RHC is  
 19 paid for work already performed at the site from these funds (not a settled question  
 20 at this time), but that all of the expense incurred to date is a direct offset to the TDC,  
 21 and does not require additional funding to utilize the site and materials as it was left  
 22 in 2022.

23

<b>Funding Category</b>	<b>Amount</b>	<b>Notes</b>
Construction funds	\$4.9 million	AR 2022-111(S), § 1, appropriated in 2022 (not approved for contract as of 12/31/22)
Alcohol tax 2022 funds	\$1.3 million	AR 2022-111(S), § 2, appropriated in 2022 (not approved for contract as of 12/31/22)
General government fund balance	\$10.2 million ( <i>estimated</i> )	Unspent funds appropriated but not spent in FY22. Estimate in original resolution, AM 418-2023 p. 2.
<b>Total available</b>	<b>\$16.4 million</b>	
Remaining gap	\$0.9 million	Difference between 2023 TDC and available funding
<b>Total appropriation needed</b>	<b>\$11.1 million</b>	Increased appropriation requested to fully fund development costs to open facility.
<i>Prior site work</i>	<i>\$ 2,455,352</i>	<i>Appropriation assumed to include payment for work performed by RHC, and that all prior work counts toward TDC; decision is pending Assembly action regarding AR 2023-196</i>

24  
 \_\_\_\_\_  
<sup>1</sup> Revised FY23 budget, Appendix R Alcohol tax, in AR 2023-102(S) as amended, with amendments using fund source "alcohol tax fund balance."



1  
2 **Scenario B: Funds Identified in Resolution Not Available**  
3

4 There are reasons to believe both funding sources originally appropriated in 2022  
5 are no longer available. It is also possible that, even if these funds are available but  
6 a payment is made to RHC for prior work performed, that this makes less funding  
7 available for the remainder of the project.  
8

9 If all funds listed are indeed available as stated, using the 2023 TDC estimate in the  
10 prior section, there is still a gap of \$900,000. The table below also assumes RHC is  
11 paid for work already performed at the site from these funds (not a settled question  
12 at this time), but that all of the expense incurred is a direct offset to the TDC, and  
13 does not require additional funding to utilize the site and materials as it was left in  
14 2022.  
15

<b>Funding Category</b>	<b>Amount</b>	<b>Notes</b>
Construction funds	\$4.9 million	If determined that 2022 appropriation was "swept" and not available in 2023
Alcohol tax 2022 funds	\$1.3 million	No alcohol tax fund balance remaining; 2023 funds fully allocated to other items
General government fund balance	\$10.2 million ( <i>estimated</i> )	Unspent funds appropriated but not spent in FY22. Estimate in original resolution.
<b>Total available</b>	<b>\$10.2 million</b>	
Remaining gap	\$7.1 million	Difference between 2023 TDC and available funding
<b>Total appropriation needed</b>	<b>\$17.3 million</b>	Increased appropriation requested to fully fund development costs to open facility.
<i>Prior site work</i>	- \$ 2,455,352	<i>Assumes payment for work performed by RHC; decision is pending Assembly action regarding AR 2023-196</i>

16  
17  
18 **Estimated Operating Costs**  
19

20 This appropriation resolution is only proposing funding for construction and  
21 completion of the facility this year. However, it is necessary to plan for how, and at  
22 what cost, the facility will be operated, beginning in late 2023 and continuing through  
23 2024 and beyond. The revised appropriation in the S-version also does not include  
24 funding for operations, but the following sections describe what is known about  
25 operating costs, for purposes of future planning, and to open with staffing and  
26 services in November.  
27

28 The tables below are reproduced from the two sources provided by the

1 administration in October 2022. Both place annual operating costs around \$5.9  
 2 million, between \$494,000 and \$499,000 per month.

3  
 4 *Operating Cost Estimate A: Municipal Manager, October 7, 2022<sup>2</sup>*

5  
 6 Proposed total operating cost: \$5,930,174 per year (\$494,181 per month)

7 Proposed total staff positions: 87.53 FTE

8

Homeless/Transient Shelter Line Item Budget		FTE
Personnel	\$2,552,355	57.53
Food (2x Meals per day)	\$584,000	
Snack (Grab and Go)	\$146,000	
Equipment	\$30,000	
Supplies	\$60,000	
Utilities	\$120,000	
Insurance	\$120,000	
Maintenance	\$30,000	
Training (5% of personnel cost)	\$127,618	
Hiring Incentives and Bonus	\$230,100	\$1000 per quarter per FTE
Indirect Rate 15%	\$600,011	This indirect is at 15% and is high due to it covering all categories of budget
	<b>\$4,600,084</b>	

9

Navigation Line Item Budget		FTE
Personnel	\$1,068,600	22.00
Hiring Incentives and Bonus	\$88,000	\$1000 per quarter per FTE
Indirect Rate 15%	\$173,490	This indirect is at 15% and is high due to it covering all categories of budget
	<b>\$1,330,090</b>	

10  
 11  
 12 *Operating Cost Estimate B: Anchorage Health Department, October 18, 2022<sup>3</sup>*

13  
 14 Proposed total operating cost: \$5,990,664 per year (\$499,222 per month)

15 Proposed total staff positions: 76.53 FTE

16  
<sup>2</sup> Written response to questions by Municipal Manager dated October 7, 2022 (Exhibit A).

<sup>3</sup> Presentation by Anchorage Health Department dated October 18, 2022.

(This estimate did not include separate costs for navigation and shelter services, and instead is presented as a single operating budget.)

Homeless/Transient Shelter Line-Item Budget		FTE
Personnel	\$3,810,405	76.53
Food (2x Meals per day)	\$876,000	
Snack (Grab and Go)	Donations	
Equipment	\$30,000	
Supplies	\$60,000	
Utilities	\$100,000	
Insurance	\$120,000	
Maintenance	\$30,000	
Training (5% of personnel cost)	\$182,868	
Indirect Rate 15%	\$781,391	This indirect is at 15% and is high due to it covering all categories of budget
	<b>\$5,990,664</b>	

#### Availability of Operating Funding

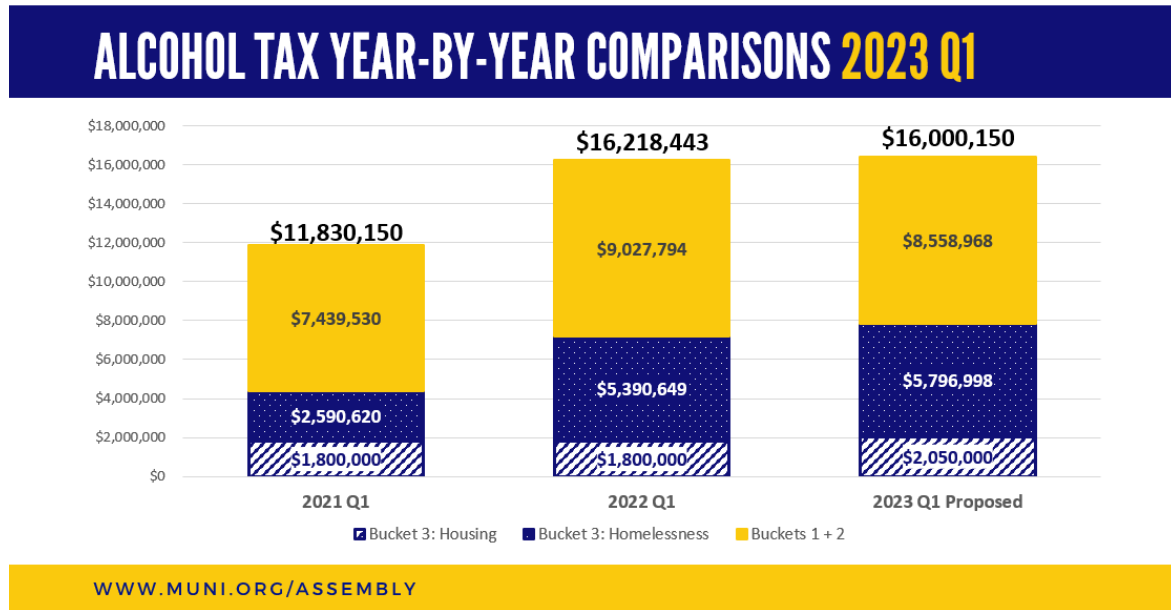
The original resolution documents an estimated operating cost in line with prior estimates provided in October 2022. These estimates have not been adjusted with a cost inflation, but should be re-evaluated as soon as possible to determine any significant cost increases (or decreases) that may impact the total.

As noted under the capital funding section, there is likely no available alcohol tax fund balance from prior to FY23, and unspent alcohol tax funds this year will not be known until 1Q 2024. Nevertheless, it is unlikely that a fund balance of this magnitude will be available to fund 2024 operations, and is not a sustainable fund source, as it relies on unspent funds from other previously-appropriated items, rather than being a dedicated budget line item. To use these funds would require cutting some program or project funding already appropriated.

Additionally, it is helpful to consider the \$5.9 million in operating costs for this one facility in context of all alcohol tax funding appropriated on an annual basis. With FY23 budget revisions, which were approved on April 25, 2023, total spending within "bucket 3" (homelessness, substance misuse and behavioral health) was almost \$7.8 million, including over \$2 million toward housing-related projects (serving people experiencing homelessness). With approximately \$16 million in annual revenue, funding toward "bucket 3" is already more than 48% of the total collected. Using \$5.9 million on an annual basis for this project would be 37% of the total available funds. All current funding line items within the alcohol tax budget, part of the Municipality's operating budget, is currently appropriated to recurring line items. Almost \$6 million of other programs would need to be de-funded and re-allocated to

fund this facility using this fund source.<sup>4</sup>

Graphic: Alcohol Tax Year-by-Year Funding, FY 2021 to FY 2023



WWW.MUNI.ORG/ASSEMBLY

Source: Reproduced from presentation by Assembly Member Felix Rivera during 1<sup>st</sup> Quarter Budget Revisions Work Session, 4/21/23.

To summarize: The Assembly’s appropriation of funds for the completion of the navigation center construction costs should be conditioned on 1) reasonable confidence that the project can be carried out in the timeframe presented, on schedule and within budget, and 2) some assurance or finance plan for the operations beginning with a start date in late 2023, and beyond. This is addressed by the addition of a new Section 2 in the AR requesting staff capacity be directed toward this project to ensure its success, and with Section 3 in the AR that requests the Administration proceed to organize the operations funding, including requesting an appropriation if needed, and issue an RFP.

**EXHIBITS: Prior Documentation of Capital Funding and Operating Plan**

The two exhibits attached to this AM were presented in an Assembly work session on October 20, 2022, which included several documents provided by the Administration and other parties regarding planning for the proposed navigation center:

1. EXHIBIT A: 2022-1018 Navigation Center Timeline v2.PDF

This timeline was provided outlining

The source is noted at the end of this document, partially prepared by Belinda Breaux, contracted facilitator for the Facilitated Working Group, and the Legislative Services Office.

<sup>4</sup> AR AO 2022-87, as Amended with Mayoral Veto and Override – Appendix R, Alcohol Tax

2. EXHIBIT B: Nav Center Update 10.7.22.PDF

This is a detailed written response to questions from Housing and Homelessness Committee Chair Felix Rivera by former Municipal Manager Demboski regarding the current status of the navigation center as of October 2022.

**I request your support for the (S) version of the Resolution.**

Reviewed by: Assembly Counsel's Office

Respectfully submitted: Anna Brawley, Assembly Member  
District 3, West Anchorage

## EXHIBIT A

### Navigation Center Timeline – as of 10/18/2022

- 6/15/21 Assembly Committee on Homelessness and Housing meeting: Mayor-elect Bronson and Dr. John Morris propose a large, temporary shelter and navigation center to house the people who would be relocated with the closure of the mass care shelter at the Sullivan Arena. Announce that admin will request \$15M for construction at the July 13 Assembly Meeting. Details shared:
- Two buildings; divided into ~12 rooms; 450 beds with surge capacity up to 1,000
  - Beds would have half walls between them
  - A place for providers to offer services including medical appointments, housing support, drug rehab, job training and mental health care
  - Located on the corner of Elmore and Tudor roads
  - **Cost:** Estimated **\$15 million to build**, plus an estimated \$12 million per year to operate (\$5M to purchase and ship Sprung Structure, \$4M to relocate vehicles from APD lot)
  - **Timeline:** administration said that it could get the shelter **built by the beginning of winter (Nov 2021)** if the Assembly acts immediately
- 6/23/21 Mayor's transition team invited again to speak at Committee on Housing and Homelessness
- 7/6/21 Committee on Housing and Homelessness holds special meeting for the Mayor's proposed plan
- 7/8/21 University Area Community Council submits letter to Assembly raising concerns over cost and size of the project suggesting that the building could house as many as 1000 individuals but was only going to have facilities for 400
- 7/9/21 Mayor Bronson exits contract to purchase Tudor Alaska Club for a homeless shelter
- 7/13/21 Regular Assembly Meeting: Assembly declines to set public hearing for AR 2021-238 to reappropriate funds for the Navigation Center after a new construction bid presented to the Assembly **put the cost to build shelter at \$22M**; several members expressed concern at the rising price tag, but were open to continuing discussions with the Administration to develop a plan
- 7/27/21 The Assembly and Administration agree to a facilitated collaborative process ("Facilitated Workgroup") with AR-2021-256, later referred to as the From Homeless to Stably Housed project; a kick-off meeting is Aug. 16
- 8/25/21 Facilitated Workgroup meeting – a list of 30 potential locations is unveiled; group requests \$200K from Assembly to gather rough cost estimates for each site; Assembly approves \$200K in AR 2021-281, As Amended on 8/27/21
- 9/9/21 Facilitated Workgroup presentation to Assembly at Rules Committee: list of potential shelter sites narrowed to 7
- 10/3/21 Boutet site study completed. Rough order of magnitude construction **estimate for Tudor/Elmore Sprung structure is \$19M and 24-27 weeks**
- 10/7/21 Request for additional potential sites; nothing identified that could be used as a site
- 11/1/21 AR 2021-350 unanimously approved agreeing to client/community focused solution., public/private partnership with navigation center capacity at 200 +130 for surge
- 11/17/21 MOA to issue Nav. Center Construction RFP within 7-10 days, close RFP before EOY

11/23/21 Facilitated Workgroup Meeting – RFP Nav. Center to be issued 12/9/21; **open by 5/31/22**

12/7/21 Assembly and Mayor Bronson reallocate \$6M in CARES Act funds for housing, including 2.8M for a shelter and/or navigation center (AR 2021-116(S), As Amended)

1/26/22 Facilitated Workgroup Meeting – agreed to collaborate to develop an operating plan for Nav. Center. Asked MOA for plan transitioning out of Sullivan and messaging for public

1/27/22 RFP 2022P007 issued for Nav. Center Construction Manager/General Contractor (CM/GC) Services for Tudor/Elmore location (delayed from 12/9/21 target date)

2/24/22 RFP closed

3/14/22 Assembly worksession – Administration proposed moving Nav. Center off evidence lot to adjacent for cost/schedule savings. **Expect Nav. Center in place prior to June 30** Sullivan closure. Expect parallel temporary ops with conditional use permit. Use Design/Build to accelerate for June 30 deadline.

3/15/22 RFP award to Roger Hickel Contracting for Nav. Center CM/GC services (per AMC 7.15.040 the Assembly was formally notified of the award through AIM 147-2022 submitted for the meeting of August 23, 2022); Assembly AR 2022-72 appropriates \$800K for design and/or design manufacture of Nav. Center

3/16/22 Facilitated Workgroup Meeting – committed to securing a MOA Nav. Center project manager to oversee both construction and operations planning

3/21/22 Contract for construction management professional services for \$50,000 with Hickel signed

3/23/22 Facilitated Workgroup Meeting – Nav. Center update per contractor: estimate of \$9M, delivery 60 days; press release on proposed Sullivan closure on 6/30

3/31/22 Nav. Center **estimate reported as \$9M**

4/12/22 AM-207-2022 to reappropriate \$4.9M and appropriate \$3.3M for the Nav. Center is laid on Table for 4/12, but no action taken. Letter from Mayor for 4/26 Assembly hearing states Nav. Center **construction cost of \$9M**; to be **operational before June 30** Sullivan closure.

4/13/22 MOA Listening Session #1 for Nav. Center

4/13/22 Nav. Center schedule dated 4/13/22 (provided in binder for 4/28 Assembly meeting) shows construction from 7/5/22 – 2/3/23

4/14/22 Sprung Structure awarded bid by Hickel, 6-8 weeks to manufacture; MOA communicated that design/procurement/build is on parallel path to support June 30 Sullivan closure. Project team communicated it was scheduling a meeting in 2 weeks for collaboration with ACEH/subject matter experts on Nav. Center operations planning. Facilitated Workgroup continues to request estimate and schedule to support project plans/status.

4/22/22 Assembly worksession on Nav. Center: Administration states that Nav. Center is intended to be temporary, close in 2 years; reported at 35% design; concerns about development of operations/programming; **ROM estimate of \$10M from contractor**, waiting for peer review estimate, do not have interior estimate

4/25/22 Nav. Center Listening Session #2 (video) on schedule and estimates

4/26/22 Assembly Nav. Center public hearing. Information presented in AM 207-2022 letter from Mayor for **\$10M construction cost, June 30 completion**; hearing delayed/continued to 4/28; 300-page binder provided with 90% boilerplate existing codes, standards, Anchored Home Strategy, etc. and a schedule dated 4/13/22

- 4/28/22 Assembly approves AR 2022-246, As Amended, a policy for Nav. Center with 5 keys of effective emergency shelter: housing first, functional zero single adults in 2 years, develop program with subject matter experts, 150+50 capacity, commit to Anchored Home
- 4/28/22 Special Meeting continued from 4/26 for public hearing on AR 2022-111/AM 207-2022 and presentation on **Nav. Center: \$13.4M estimate (\$11.9M construction + \$1.5M F&E), open November 4** with an interim plan to provide alternative housing/shelter after June 30-- details not provided. Facilitated working group not aware of these changes until 4/24 zoom meeting to assist Admin in development of final slide deck. Key points in resolution: functional zero, 2 years, temporary shelter, capacity reduce to 150+50, honest effort for Golden Lion as a treatment facility, assign MOA subject matter expert/project manager for Nav. Center
- 5/4/22 Facilitated Workgroup Meeting – trust issues with Nav. Center are brought up by workgroup members: \$/schedule changes known for 2 weeks by Admin, but not shared with group prior to Assembly sessions; no info on interim shelter plan provided. If we can do shelter without Nav. Center, do we really need Nav. Center shelter?
- 5/9/22 Assembly worksession: **\$10M construction estimate**; timeline: 5/10 funding authorization; 7/25 structure delivered; 8/25 structure erected; **potential temp occupancy 8/1; 10/1 certificate of occupancy**; continue Sullivan operations pending TCO
- 5/10/22 Assembly passes by a vote of 6-4 AR 2022-111(S), As Amended with Nav. Center appropriation of \$4.9M + \$1.3M; requires written commitment to good faith effort to operate Golden Lion as substance abuse treatment facility.
- 5/18/22 Facilitated Workgroup Meeting – MOA hiring a Homelessness subject matter expert/project manager; **Nav. Center estimate of \$11.1M; schedule slip of 2 weeks**; requested copy of estimate and schedule and written program plan
- 5/26/22 Facilitated Workgroup Meeting – Gerace commits to email transition plan for Sullivan Arena; Joe raises legal concern for MOA funds to a religious organization for Guest House; 99+1 signed contract for GH interim use; **Nav. Center schedule shows construction 7/5/22 – 2/28/23**
- 6/1/22 Facilitated Workgroup Meeting – Gerace commits again to send out transition plan; claims there is adequate shelter for everyone leaving Sullivan Arena
- 6/15/22 Facilitated Workgroup Meeting – Shearer appointed as Nav. Center subject matter expert/project manager
- 8/4/22 Housing & Homelessness Committee meeting – Administration invited to present on Emergency Shelter Plan and Navigation Center, but does not attend; Assembly questions submitted to Admin via email on 8/15/22
- 8/9/22 Assembly Meeting – Mayor states that they can produce plans for the Navigation Center (as of 10/18, plans have not been shared)
- 8/17/22 Municipal Manager emails an update to Assembly with answers to their previously submitted questions:
  - 95% Design and permit package submitted to MOA Develop. Svcs. On 8/11/22
  - Conditional Use Permit, FFE, wetlands permit DOT site review in process
  - Building has been ordered
  - On-site demo to existing structure and lighting scheduled for 8/17/22
  - 95% design reached on 8/11/22



- **Cost estimate: \$13.3M** (no other cost details/budget provided)
  - DHS created an operations plan – but still under review and can't be shared
  - Wetlands permit expected in next few weeks
  - **Partial occupancy by 11/21/22; scheduled completion for 2/17/23**
- 9/13/22 Assembly Meeting: Assembly asked to approve \$4.9M contract amendment two per AM 496-2022 for Navigation Center construction – delayed to 10/25/22 to give Admin more time to share plans and details with Assembly
- 10/7/22 Worksession on Navigation Center – Administration provides written responses to Assembly questions, but no formal plan

### Resources

- <https://www.muni.org/Departments/Assembly/Pages/Committee%20on%20Homelessnes.aspx>
- <https://www.muni.org/Departments/Assembly/Pages/Meetings-Worksessions.aspx>
- <https://alaskapublic.org/2021/07/15/what-happened-to-the-bronson-shelter-plan-in-anchorage-and-what-happens-next-heres-what-we-know/>
- <https://alaskapublic.org/2021/07/14/anchorage-assembly-quashes-bronson-homeless-shelter-plan/>
- <https://alaskapublic.org/2021/06/16/bronson-administration-details-plans-large-city-funded-shelter-in-anchorage/>
- <https://alaskapublic.org/2021/07/06/heres-what-we-know-so-far-about-the-new-anchorage-mayors-plan-for-a-massive-homeless-shelter/>

### Source

The timeline from 7/27/21 to 6/15/22 was provided by Belinda Breaux, one of the contracted facilitators for the Facilitated Working Group. Information before and after those dates were supplemented by the Assembly's Legislative Services Office.

# EXHIBIT B

Comparison of Arctic Rec Center with T/E Navigation Center			
Winter Shelter Task Force Facilities subcommittee			
10-20-22			
	Arctic Rec Center (4855 Arctic Blvd)	Elmore Sprung (4501 Elmore Rd)	Notes
Land Size	720,339	1,121,073	<b>Sprung:</b> only a portion of the total land area is available for additional use. 1.25 acres permitted now <b>ARC:</b> current facility and parking sits on approx 50% of total land size
Building Size	23,029	26,435	<b>Sprung:</b> sq. ft. est based on floorplans <b>ARC:</b> building total: 23,029 sf • 31' Wall Height: 13,232 sf • 15' Wall Height: 9,797 sf
	Would need modifications	Purpose built and flexible	
Zoning? ★ (★ = criterion from Facilitated Group process)	R-3	PLI	<b>ARC:</b> Title 16 emergency shelter would allow use before formal rezone
Within 1/4 mile of transit? ★	Yes	Yes	<b>Sprung:</b> bus stops adjacent (Tudor) <b>ARC:</b> bus stops adjacent (Arctic) • Route 35 northbound stop at Arctic & 47th (approx. 501 ft. from east building entrance) • Route 35 southbound stop at Arctic & Lancaster SSW (approx. 703 ft. from east building entrance)
Fenced? ★	No	Yes	
Meets MOA & CDC health and safety standards? ★	Yes	Yes	
Utilities available? ★	Yes	Yes	<b>Sprung:</b> utilities had to be brought to the site (done) • Water and Sewer Service: \$600,000 • Gravel Import: \$750,000
Space for surge? ★	Yes	Yes	
Beds? ★	150	150	
Purchase	\$12,600,000	\$0	<b>ARC:</b> includes substantial acreage that could be resold or used for other purposes through subdividing. Rezone of surplus land to B3 or I-1 for resale could generate \$8-\$15 sq. ft. (e.g. 50% of 720,339 = 360,169 x \$8 = \$2,881,356)
Construct / TI	?	\$15,400,000	<b>Sprung:</b> total construction estimates changing. Shown is from City Manager letter 10-7-22 • \$15,400,000 (per ADN 10/14) Included FFE • Rough Order of Magnitude: \$20,852,519 (from 10//7/22 Worksession)
Availability	January '23 full occupancy (150)	Mid to Late January '23: up to 100 Late April '23: full 150	<b>Sprung:</b> based on MOA Manager letter 10-7-22 <b>ARC:</b> depends on time for Due Diligence and Closing as well as existing rental agreements
Pending Costs: Shipping	\$0	\$200,000	<b>Sprung:</b> estimate from Muni Manager
Pending Costs: Storage (Sprung) \$5,000 / month	\$0	\$50,000	<b>Sprung:</b> Assuming August completion of structure fabrication & start date for storage needs thru May 2023
Pending Costs: Storage (Hickel) \$15,000 / month	\$0	\$120,000	<b>Sprung:</b> Assuming October start date for storage needs thru May 2023
Potential Liability if project stopped	\$0	\$4,900,000	<b>Sprung:</b> current construction contract liability from October 7, 2022, worksession
Additional Costs	\$47,175	\$3,022,532	(note: sums B/C22:B/C36)
Furniture, cots, etc (FFE)?	?	\$2,500,000	<b>Sprung:</b> From MOA manager letter 10-7-22 \$565,000 for furnishings only. With 'Alternates' for all interior \$2.5M. Furnishing costs should be equivalent for both locations.
Increase # showers	?	?	<b>ARC:</b> additional plumbing capacity installed during orig. construction, per owner
Increase # of toilets	?	?	<b>ARC:</b> additional plumbing capacity installed during orig. construction, per owner
Rezone	\$36,790	\$0	<b>Sprung:</b> currently zoned PLI <b>ARC:</b> Replat to subdivide into two parcels (~\$2,830), rezone land where building is located to PLI (~\$33,960)
Conditional Use Permit	\$10,385	\$0	<b>Sprung:</b> unknown cost <b>ARC:</b> required for shelter portion
Fencing	?	\$0	<b>Sprung:</b> fencing and security costs included in construction costs
Architect, McCool Carlson Green	\$0	\$88,528	<b>Sprung:</b> Term Contracts used to cover these costs, not Assembly appropriations (per 4/28 H&HC meeting)
Civil Engineering / Landscape, Coffman Engineers Architect, MCG Explore Design, \$73,120	\$0	\$14,176	<b>Sprung:</b> Term Contracts used to cover these costs, not Assembly appropriations (per 4/28 H&HC meeting)

Civil Engineering / Landscape, MCG Explore Design	\$0	\$73,120	<b>Sprung:</b> Term Contracts used to cover these costs, not Assembly appropriations (per 4/28 H&HC meeting)
Mechanical and Electrical Engineering, MCG Explore Design and RSA Engineering, Inc RSA Engineering, Inc, \$105,080 (with \$56,260 pending)	\$0	\$34,130	<b>Sprung:</b> Term Contracts used to cover these costs, not Assembly appropriations (per 4/28 H&HC meeting)
Mechanical and Electrical Engineering, RSA Engineering, Inc.	\$0	\$161,340	<b>Sprung:</b> Term Contracts used to cover these costs, not Assembly appropriations (per 4/28 H&HC meeting)
Cost Estimation, HMS Inc	\$0	\$61,843	<b>Sprung:</b> Term Contracts used to cover these costs, not Assembly appropriations (per 4/28 H&HC meeting)
Special Inspections, MCG Explore Design, DOWL	\$0	\$62,373	<b>Sprung:</b> Term Contracts used to cover these costs, not Assembly appropriations (per 4/28 H&HC meeting)
Civil Engineering, CRW Engineering Group, LCC	\$0	\$9,260	<b>Sprung:</b> Term Contracts used to cover these costs, not Assembly appropriations (per 4/28 H&HC meeting)
Manufacturer Shop Drawings, Sprung	\$0	\$17,762	<b>Sprung:</b> Term Contracts used to cover these costs, not Assembly appropriations (per 4/28 H&HC meeting)
<b>Building Operating Costs</b>	<b>\$52,464</b>	<b>\$8,472,455</b>	(note: sums B/C39:B/C50)
Enstar	\$13,560	?	<b>Sprung:</b> unknown <b>ARC:</b> based on average for current use.
AWWU	\$2,088	?	<b>Sprung:</b> unknown <b>ARC:</b> based on average for current use. Presumably metered so expect increase when occupied
Chugach Electric	\$36,816	?	<b>ARC:</b> based on average for current use.
Utilities Annual	?	\$120,000	<b>Sprung:</b> From MOA manager letter 10-7-22
Grounds maintenance	?	?	
Building Maintenance	?	\$30,000	<b>Sprung:</b> From MOA manager letter 10-7-22
<b>Shleter/Navigation Operating Costs</b>			
Provider, meals etc.	?	\$730,000	<b>Sprung:</b> From MOA manager letter 10-7-22
Equipment Annual	?	\$30,000	<b>Sprung:</b> From MOA manager letter 10-7-22
Supplies Annual	?	\$60,000	<b>Sprung:</b> From MOA manager letter 10-7-22
Insurance Annual	?	\$120,000	<b>Sprung:</b> From MOA manager letter 10-7-22
Personnel Annual	?	\$2,782,455	<b>Sprung:</b> From MOA manager letter 10-7-22
Annual Operations	?	\$4,600,000	<b>Sprung:</b> Based on MOA Manager letter 10-7-22
<b>Summary list</b>			
<b>Other features</b>	<b>Arctic Rec Center (4855 Arctic Blvd)</b>	<b>Elmore Sprung (4501 Elmore Rd)</b>	
Building square footage?	23,029	26,435	
Restrooms? *	x1 Family restroom x1 staff restroom x2 men (2 sinks) x2 women (2 sinks)		Required: 1 per 10 occupants = 15 required for 150 clients  * MOA Requirements for Congregate Shelters follows <a href="#">IBC R-1 Dormitories</a>
Showers? *	x4 men x4 women		<b>ARC:</b> x1 men + x1 women ADA-accessible restrooms  * Required: 1 per 8 occupants so 19 required for 150 clients. ARC has ? 1 men and women shower ADA
Space for Navigation Services	x4 separate meeting rooms x1 staff office with 3 desks		
Secure: Controlled entry, cameras,	Yes	Yes	<b>Sprung:</b> well lit <b>ARC:</b> minimal exterior lighting
ADA accessible?	Yes, east side entrance		<b>ARC:</b> Restrooms meet ADA
Onsite parking? *	Yes	Yes	<b>Sprung:</b> ? <b>ARC:</b> 108,500 sq. ft. paved/asphalt parking + 400 ft. sidewalk w/ radiant heating  * MOA parking requirement for "Homeless and Transient Shelter" is 1 per 300 sq.ft. administrative area + 1 per 20 pillows
Nearby Medical Facility?	Yes	Yes	<b>Sprung:</b> across Tudor from ANMC, near Providence <b>ARC:</b> near Anchorage Neighborhood Medical Clinic
Grocery Store?	1.1 miles	3.7 miles	<b>Sprung:</b> nearest grocery Carrs on E. Northern Lights <b>ARC:</b> nearest grocery Natural Pantry on A Street & 36th Ave, second closest is Walmart at 1.6 miles
Distance from neighborhood	0 miles	0.7 miles	<b>Sprung:</b> residential neighborhoods across Tudor (to north and west) <b>ARC:</b> residential neighborhoods directly adjacent (north, south, west)

Provides for dispersion of facilities?	Yes	Yes	<b>Sprung:</b> 1 mile from RescueAnchorage Gospel Mission, <b>ARC:</b> 2.6 miles from Anchorage Gospel Rescue Mission, 1.3 miles from Salvation Army Adult Rehab Center
Property taken off tax rolls?	No	No	<b>Sprung:</b> currently owned by MOA <b>ARC:</b> surplus land could be sold/developed and added back to tax rolls
Uncertainty of increased costs?	Low	Moderate to High	<b>Sprung:</b> Now at 95% design so uncertainty decreasing
Location attractive to the clients?	?	?	
Wetlands?	No	Permitted	<b>Sprung:</b> partially located in Class B wetlands <b>ARC:</b> adjacent to wetlands on north east corner of property owned by SOA will not impact use
Year Built	2015	2022-23	