

**Native Village of Eklutna**

**Multi-Use Facility Conceptual Plan  
&  
Preliminary Feasibility Study**

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## **Section 1 Executive Summary**

To begin the process of funding and developing a tribal government office building and community center serving both the native village of Eklutna and surrounding communities 25 miles northeast of Anchorage, Alaska, the State of Alaska Division of Community Advocacy provided a Grant to the Native Village of Eklutna to develop this Multi-Use Facility Conceptual Plan. The goal is to fund and build a facility that will use limited resources wisely to meet the needs of the community.

This report summarizes the plan developed as a result of an effort that involved began in 1985.

The Tribal Government of the Native Village of Eklutna (“NVE”) took its current form decades ago. For generations to come, it is likely to continue as a federally recognized tribal government. NVE’s plans reflect the anticipated needs of the unborn grandchildren of today’s tribal members and the residents of nearby communities – Anchorage, the Matanuska Valley and the Alaska Natives living near Cook Inlet. While the focus is on the current and future needs of the tribal members of the Dena’ina village that came before the Municipality of Anchorage in the State of Alaska, the realities of scarce resources, the situation requires us to choose our priorities carefully. We cannot be all things to all people, but we can do some good things for many people. To do so, the contemporary world requires us to have a building, a shelter, a facility that meets the current and foreseeable needs of the tribal government and the people it serves.

One goal is to provide a Community Hall that provides room for people of the village and nearby communities to gather, socialize, share experiences, strength and hope, learn, and fit ourselves to become the kind of people who will please our ancestors. A Community Hall will enable the people to improve the lives of those who are yet to come. Accordingly, we aim to provide a place where more than 100 people can gather comfortably or meet in small numbers to work productively. We need a multi-purpose room with about 3,000 square feet of usable space. It is desirable to have a building that could provide more space in the future; we therefore propose a building that has the Eklutna Clinic on the same floor until a separate, larger clinic facility becomes available. This ensures space in the building is well used and adaptable to future needs.

A second goal is to provide adequate offices for the tribal government and other agencies providing service in and about the village of Eklutna, particularly the region between the Matanuska River and Eagle River. Where the 2000 Census found a population of 22,000 in Eagle River, and an additional 8,000 in the settlements further north -- Chugiak, Birchwood, Peters Creek, Thunderbird Falls, and Eklutna.

By co-locating the offices and the community center, the spaces will be more useful to the community and the agencies that will have access to the offices, the clinic, and the community hall.

NVE has offices at its “campus” near the village, adjacent to the highway overpass, the Eklutna Exit at milepost 26 of the Glenn Highway linking Anchorage (Mi. 0) and the Matanuska Valley communities including Wasilla and Palmer (around Mi 40-45).

The “NVE campus” consists of eight small structures; an old double-wide mobile home used for administrative offices, a construction-camp trailer also used as office space, and an old (historic) log cabin now used as a community center and one-room clinic. Additional trailers and small sheds provide storage for files, tools and a shed that holds freezers, refrigerators and shelves for the Food Bank that serves the surrounding communities. Some might describe the facilities as modest, others as “village rough.” In any case, many prospective employees are put off by the quality of the work environment; this presents a challenge to attracting and retaining the best employees and volunteers.

We propose to build a Community Center with an adjacent Clinic to replace the substandard log cabin currently housing all community center activities and the clinic operated by a skilled nurse practitioner who serves the population of the village and the surrounding communities (pop. 8,000). Upstairs, the two-story building will have space suitable for a wide range of offices for more than a dozen employees, primarily those of NVE. In addition, employees of state and municipal agencies, utility companies and social service agencies will have permanent or temporary space available to do their work. NVE has had and expects it will have at least a dozen FTE employees; therefore the proposed facility will be fully-utilized at all times.

To produce this plan, we analyzed NVE’s objectives, carefully considering the legal and political constraints; aesthetic and ethical constraints; physical and technical constraints and financial analyses of the proposed Multi-Use Facility.

The current managers and employees of NVE have ample experience managing and maintaining the facilities at the NVE campus and other properties. This proves we can properly manage and maintain the new facility. In fact, it is easier to operate a new facility than maintaining worn out, functionally obsolete buildings.

The commitment to provide a modest Multi-Use Facility at Eklutna’s Glenn Highway overpass ensures important public services will be available to the nearby village and the surrounding communities. In the unlikely event NVE stops using the new facility, the property will be suitable for a wide range of alternative uses for decades to come.

The bottom line: A new multi-use facility will build a better village, provide better services to the community, and reduce the current cost of NVE’s programs.

## **Section 2 Facility Description**

### ***Current Infrastructure & Facilities***

The tribal government of the Native Village of Eklutna has operated for many years with offices near the village currently known as Eklutna. An “office campus” evolved, producing a cluster of small structures next to the Eklutna Overpass located at Mile 26 of the Glenn Highway. The primary structures include a double-wide mobile home, a log cabin used as the Community Hall and clinic, a trailer module of the sort used as job shacks, a similar unit used for file storage, and a wood-frame shed used to house the Food Bank. Other buildings are portable and currently used for storage; they will continue serving this need in coming years on this site or in other locations. In addition the Social Service department currently occupies about 1,000sf of rented office space in Anchorage for lack of usable space at the NVE campus.



**The main office of the Native Village of Eklutna is a double-wide mobile home manufactured around 1971**



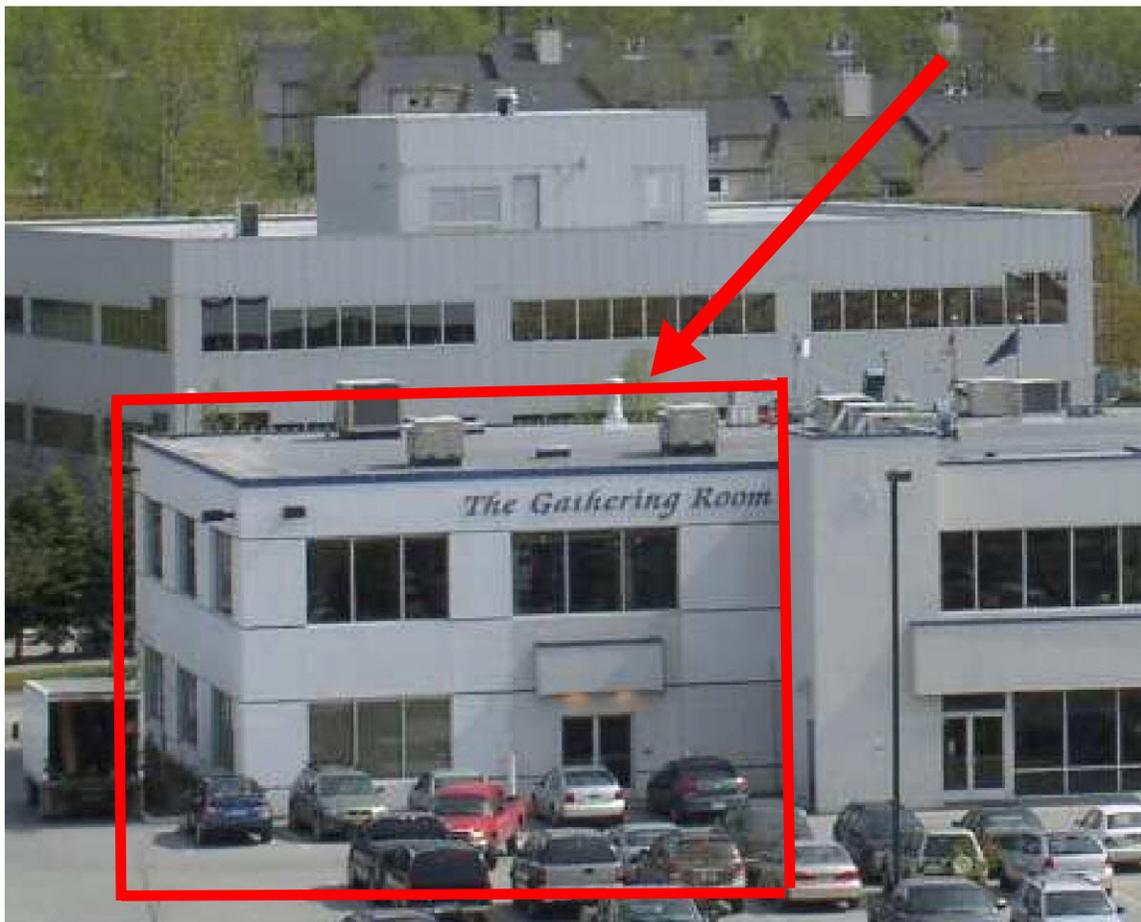
A log building houses the Eklutna Clinic and the Community Hall. The mobile unit to the right is NVE's office "Annex." The trailer behind the Community Hall stores records, supplies, & furniture. The main office in the doublewide is to the photographer's left.

All buildings on the NVE campus suffer from wear and tear. Here, the maintenance man watches water draining from a bulging ceiling next to a light fixture. Note the pan on the floor placed to catch the stream of water. This took place during a mid-winter warm spell in early 2008.



## ***Proposed Facility***

The Native Village of Eklutna proposes to construct an inexpensive two-story wood-frame multi-use building – an office building that will accommodate the needs of the tribal government and the community. An example of such a building is Southcentral Foundation’s office near the Alaska Native Medical Center in Anchorage – it was originally developed by Motorola as a two-story frame building suitable for shop and office use. The portion of the building shown below – the section known as “The Gathering Room” looks much like the proposed facility. The photo shows what a modest two-story frame community center with offices upstairs might look like.



The 2-story Gathering Room portion of the north end of the “Motorola Building” shown in the left foreground was a shop/warehouse. Southcentral Foundation converted the ground floor to serve as a community hall – The Gathering Room. The second floor provides Class B office space. In contrast, the 3-story “Neon Building” in the background at 4041 Tudor Centre Drive is a Class A office building; higher quality space costs more to build and it is more expensive to occupy. NVE proposes a modest, rectangular, 2-story frame building that looks like the upper and lower floors of the Gathering Room with interior partitioning that accommodates the needs of the community, and NVE’s offices that support the clinic, the housing department, the social services department and the community development & environment department.

With 3,500sf or so of gross building area, the lower floor will contain a Community Hall providing about 3,000 sf of multi-use space. This area can accommodate community meetings, either receptions, theater-style seating, classroom seating with tables, banquets, or, because of the interior finish and ceiling design, the space is suitable for recreational use, fitness and exercise classes, even moose-butcher activities. It will include a kitchen suitable for community banquets and potlucks. In addition, about 500 square feet for the Eklutna Clinic will include partitioning and plumbing for a medical exam room and storage, an office for the nurse, a private patient waiting area, and toilet facilities.



Here is an example of a Community Center. Some have moveable partitions that create small meeting rooms that accommodate several separate events at the same time.

The upper floor will provide about 3,500 sf for general-purpose Class B office space of the sort commonly occupied by government agencies. This space should accommodate the needs of a dozen office workers.

Both floors will have fluorescent lighting in a suspended ceiling, carpeted floors, conventional sheetrock partitions, and office-quality doors. The design and construction of interior surfaces will meet current needs while adapting for changed circumstances in the future.

The activities carried out in the building are not new; NVE has provided of them in the past and expects to do so in the future. In addition to the health clinic (which serves the villagers and non-native residents living between Eagle River and the far reaches of the Matanuska Valley), the development of this building will enable the NVE Social Services department can relocate its staff from other locations into this one building. The NVE Housing department maintains several homes and expects to develop many new houses in the Municipality of Anchorage and the Matanuska Valley. Those houses, sponsored by the Eklutna Social Services department, will serve a large population of Alaskans with Special Needs. They include the beneficiaries of the

Alaska Mental Health Trust, clients of NVE Social Services and dozens of other social service agencies, youth aging out of foster care, and offenders involved in Alaska's Therapeutic Courts and possibly other offenders transitioning into socially-acceptable, productive lives. This operation requires additional staffing; current housing functions are conducted at Eklutna in poor-quality quarters. The Community Development & Environment department has had to accommodate several workers in a construction job shack for years; the proposed building will provide office quarters that accommodate the needs of the staff and reduce high turnover.

Research and analyses performed by a professional real estate counselor included interviews with major contractors and real estate experts produced the cost estimate shown in the Appendices of this report. The next step is to engage architects to begin the design process, using the text of this report to scope the project.

## ***Funding***

Capital Costs: The preferred method of funding is to obtain grant funds to pay the cost of constructing the building and site improvements. Debt financing is likely to fund construction work that grants do not cover. The source of repayment for any loans is the funding that pays for the various programs conducted by NVE. For example, the clinic and the social services department grants include provisions to pay for the space occupied by the staff working on each particular grant.

NVE will provide the land. Excluding land, the total development cost for this facility is well under \$2,000,000; annual operating expenses will cost about \$35,000 (See Appendix I and III).

Funding Changes in Occupancy Costs: In recent years, using various funding sources, NVE paid \$52,000 per year to rent, repair & maintain its facilities and pay related utility expenses. Insurance premiums increase the total cost of the current space to about \$60,000 per year. These funds will be available to pay for the cost of occupying and maintaining the new Multi-Use Facility. The new Special Needs Housing Program is likely to create additional income to defray the cost of owning and occupying the new facility.

As shown in the Appendices, the combined cost of Maintenance, Janitorial service, Carpet & Window cleaning, Electricity, Natural Gas, Refuse/garbage removal, water & Sewer, Insurance premiums, Grounds & Parking Lot Maintenance, HVAC Contract Services, Real Estate Taxes and Management will cost about \$35,000 per year. The cost of maintaining the dilapidated facilities on the NVE campus are high. By relocating to a new facility and demolishing the old facilities, NVE can actually reduce the cost of its operations.

## ***Development, Design & Construction Program***

NVE prefers to use the Design-Build method that should provide a suitable building at minimal cost. This calls for NVE to hire an architectural design firm and a general contractor to form a development team. NVE will act as the developer; its Tribal Administrator will serve as the development manager. We have experience and faith in the process that involves soliciting proposals from architects and general contractors, selecting the team best suited for the project. NVE will act as the developer, employing both the design and construction firms. No other agencies are likely to be involved.

## ***Ownership***

NVE will become an owner-occupant of its “city hall” building, operating and maintaining it using its customary methods patterned after those of most commercial office building owner-occupants in the Anchorage area. The Operating Cost Estimate shown in this report reflects the prevailing costs incurred by similar buildings, adjusted for the unique circumstances of this situation.

## ***Needs Assessment***

NVE Presently requires a Community Hall and offices for its administrative functions. Most of these activities are housed in the current collection of worn-out and substandard trailers and historical log cabin on the campus today.

NVE presently has about 14 office workers at Eklutna and in our Social Services department in Anchorage. Two departments are likely to grow in the near future.

- We need offices for the Tribal Council President and Tribal Administrator, an administrative assistant and receptionist, and the finance department needs an accountant and a bookkeeper.
- The Clinic employs a nurse practitioner and an administrative assistant/medical billing specialist.
- We employ an environmental grant manager/program manager; in the past, we had several such workers on staff.
- Our Housing Authority activities need staffing; the workload is likely to increase given current expectations.
- In connection with various grant projects (EPA IGAP, U.S. Army/DOD, National Park Service, etc.), we have and expect to continue employing several part-time or contract workers such as archaeologists, anthropologists, linguists, cultural historians, life sciences experts, etc.
- The Food Bank, youth and elders programs are understaffed, relying on part-time help from other departments. In recent years, the Social Services department reduced its staff to four people; new projects will require a larger staff in both Anchorage and Eklutna.

Other Agencies: contacts with municipal and state government agencies have not yet identified any need for office space at this location, however we anticipate making a private office available for itinerant police and public safety workers, utility company employees, other government workers, and anyone else needing a desk with telecom services for a few hours or days each week. To get a sense of the need for offices that could be occupied full-time or occasionally by itinerant visitors employed by other government agencies, we considered and made inquiries with many of these prospective office space users:

- The Municipality of Anchorage, including the police department, school district, and health & human services department, libraries, and
- The State of Alaska, including DOT/PF (highways), AST (troopers), Department of Natural Resources and UAA.
- Service providers are, in large part, based in Anchorage or Eagle River, a dozen miles away. It is likely that, by providing an office or two for part-time use by service providers or government employees, needed services can become available to residents in and around Eklutna. Vocational, career, and life-skills training could become available to serve the under-employed people of the area if an office were available, along with a Community Center room that could be used as a classroom/training center. Some of these activities could be provided by Cook Inlet Tribal Council. Their offices are 25 miles away; a satellite location could be very meaningful.
- South Central Foundation – plans to develop a residential care facility involving a significant mental health program across the highway from Eklutna. NVE intends to capitalize on that employment generator and service center to expand the services provided in the area as an employment generator. The Multi-Use Facility will make it possible to provide the government services and career training to make a real difference in the community.

## ***Service Area***

The Village of Eklutna and the surrounding communities, especially around Peters Creek and the Old Glenn Highway along the Knik River are underserved by the full range of public facilities and services, as existing service offices and facilities are 15 or 30 miles away and transportation -- public or private is inadequate.

## ***Effect of the Facility***

The presence of a decent multi-use community hall and office facility will make it possible to employ administrative and service workers who can provide the means and education to change peoples' lives for the better. As a result, physical and mental health will be improved, people will become more employable, earn more, and become self sufficient, successful, citizens who contribute to the viability of Eklutna and surrounding communities. A new facility will be much more energy efficient and less costly to maintain; the net cost of operations will decrease.

## **Site Information**

The NVE campus occupies part of a site suitable for redevelopment. Title vests in Ikluat, Inc., a non-profit corporation created by most of the people currently involved in the tribal government – the Native Village of Eklutna, and the independent ANCSA Village Corporation, Eklutna, Inc.

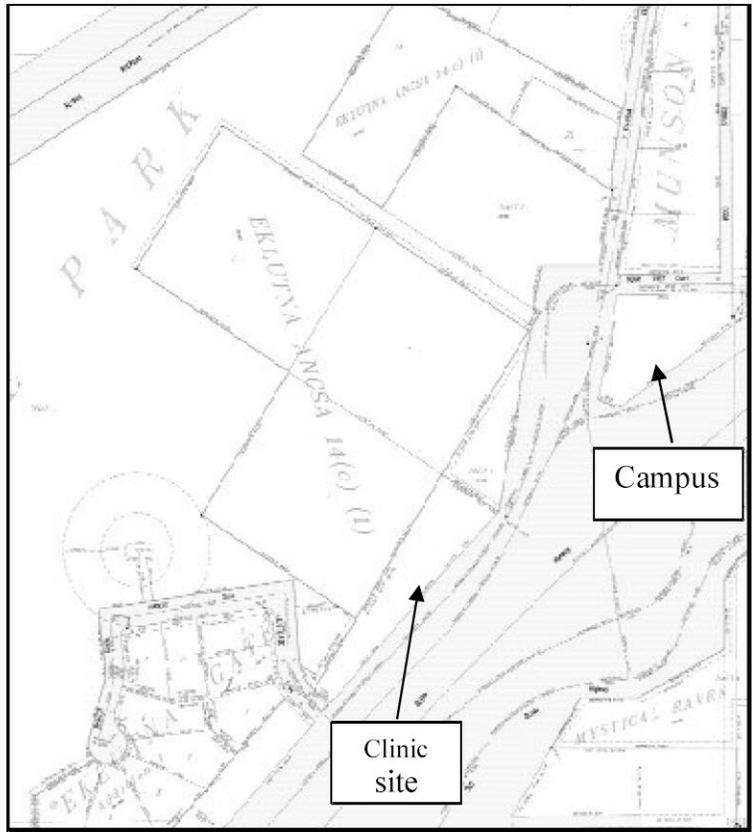
It is almost certain arrangements can be made to continue utilizing the Ikluat site as the location of NVE's "city hall"; however a nearby site known as the "clinic" site should be considered as an alternative. In addition, adjacent lands owned by Eklutna, Inc., may become available as part of a cooperative relationship between Eklutna, Inc., and NVE so that community building – the redevelopment of the village of Eklutna can begin in earnest. The effect of the Alaska Native Claims Settlement Act (ANCSA) has been to impede reconstruction and new construction of old homes that had become uninhabitable since 1971. As a result, the housing stock in Eklutna has diminished significantly over the past generation; people had no choice but to move away. The development of the Multi-Use facility will be part of a carefully-considered initiative to rejuvenate the village. The following descriptions describe two very similar sites; each is suitable for the proposed Multi-Use Facility.

### **NVE Campus Site**

Located immediately north and east of the Glenn Highway overpass at the Eklutna Village exit (Mi. 26), Anchorage Municipal Assessor's Parcel 051-761-08 is a 45,000sf (1.03 acre) site traditionally used for non-residential use. Zoned R-7, its zoning can and should be changed to PLI – Public Lands and Institutions. Utilities currently available and serving the site include telecom, electricity, natural gas. Site improvements include a parking lot and on-site water well and sewage disposal systems; they serve the existing office and clinic buildings. The adjacent paved public roads provide access to and from the village, Anchorage and the Matanuska Valley. In addition, adjacent vacant lands owned by Eklutna, Inc, could be acquired for future phased development as needed.

### **Clinic Site**

Located alongside the paved frontage road 200 feet north and west of the Glenn Highway overpass at the Eklutna Village exit (Mi. 26), Anchorage Municipal Assessor's Parcel 051-761-07 is a 75,598sf (1.74 acre) parcel of vacant, wooded, unimproved land just east of the intersection of the frontage road and Rusticate Drive, a paved street leading to a residential cul-de-sac and undeveloped lands owned by Eklutna, Inc. The R-O (Residential Office) zoning permits a wide range of both office and residential development. Utilities currently near the site include telecom, electricity, and natural gas. Development of the site requires tapping into the nearby public well and constructing an on-site sewage disposal system. The adjacent paved public roads provide access to and from the village, Anchorage and the Matanuska Valley. In addition, adjacent vacant lands owned by Eklutna, Inc, could be acquired for future phased development as needed.



The building sites flank the entrance to the village of Eklutna



## **Section 3 Community Overview**

Eklutna is an Alaska Native village within the Municipality of Anchorage in the U.S. state of Alaska.

### ***Location***

The village lies 24 miles northeast of Anchorage near the intersection of Mi. 142 of the Alaska Railroad and the Mile 26 of the Glenn Highway two miles from the mouth of the Eklutna River at the head of the Knik Arm of Cook Inlet, at 61°27'30"N, 149°21'44"W in the Anchorage Recording District, in Municipal grid NW2065.

### ***History & Current Situation***

The Dena'ina Athabascan village of Eklutna, the last of eight villages that existed before construction of the Alaska Railroad brought an influx of American colonists circa 1915, is the oldest neighborhood in the Anchorage area, having been inhabited for more than 800 years. Its Dena'ina name is Idlughet ("by the objects", referring to two nearby hills); the name "Eklutna" derives from Idluytnu, the name for Eklutna River, meaning "(plural) objects river".

Russian Orthodox missionaries arrived in the 1840s. The melding of Orthodox Christianity and native practices resulted in the brightly-colored spirit houses which can be seen at the Eklutna Cemetery, in use since 1650 and now a historical park. The cemetery is probably the most photographed graveyard in Alaska, overshadowing other features of the village.

An Alaska Railroad siding and station were built near the village Eklutna in 1918. The U.S. Army established a facility nearby in the mid-20th century; it is now gone.

Virtually all residents of the Eklutna Village are either Alaska Native or part Native; most are members of the federally recognized Native Village of Eklutna. An unintended consequence of the Alaska Native Claims Settlement Act of 1971 has been to impede the development of new housing to replace those rendered uninhabitable by age, obsolescence, or damage.

For employment, most Tribal Members must commute to work in Anchorage, nearby Eagle River, or the Matanuska-Susitna Valley because the lack of available building sites made commercial development impractical in the village.

In a sense, Eklutna is a suburb of the Municipality of Anchorage, a city of nearly 300,000 people occupying the lands previously supporting eight Dena'ina villages; Eklutna is the last of those villages. About 10% of the population of Anchorage is Alaska Native or part Native; many of those 30,000 people come from distant parts of Alaska, part of a migration trend that is likely to increase in coming years.

Anchorage is the center of commerce for the state. Oil and gas industries, finance and real estate, transportation, communications, and government agencies are headquartered in Anchorage. Numerous visitor and tourist facilities and services are available. Over 8,500 military personnel are stationed at Fort Richardson and Elmendorf AFB. Seasonal factors contribute to a fluctuating, though low, unemployment rate. A simple statement that acknowledges the huge range of lifestyles and cultures found in the region is that, “the thing about Anchorage is that it is so close to Alaska.”

## ***Census & Demographics***

Data from the U.S. Census of 2000 indicates a population of the Eklutna ANVSA is 394; many of those people live in neighborhoods to the west and southwest, not in the traditional native village. Census information on the village proper - Block 1028 within Census Tract 1.01 of the Anchorage Municipality, Alaska- is limited because the population is small.

From information available in the Census and other government publications, it appears these inferences can be made of the population of Eklutna Village: Forty people lived in fourteen homes. There were virtually no vacancies, 60% of the houses were owner-occupied, 40% occupied by tenants of the local housing authority. The majority of homes are fully plumbed, with a community well water system and individual septic tanks.

Per capita and household income in the village is substantially lower than for the surrounding neighborhoods or the Municipality of Anchorage. According to the State of Alaska, the majority of non-Native residents living nearby are employed in Anchorage, “with incomes averaging \$31,679 per capita, Eklutna's Dena’ina residents, however, have significantly lower incomes -- [38.5% lower] averaging \$19,494 per capita.” Likewise, educational attainment and other demographic measurements show a similar marked difference in populations.

## ***Public Facilities & Services***

There are no state operated schools located in the village. The Anchorage School District provides education for residents of Eklutna village using school busses to transport students to Chugiak Elementary School, Mirror Lake Middle School, and Chugiak High School.

Local health clinics include Eklutna Village Clinic and private clinics in the Eagle River – Peters Creek areas and the Matanuska Valley, some 15 or more miles away. The hospitals are in Anchorage or the Matanuska Valley.

Transportation by automobile is good – a 35-minute commute leads to the employment centers in Anchorage; the employment market in nearby Eagle River and the Matanuska Valley is fiercely competitive, as many commuters are eager to trade the commuter lifestyle for local employment. Though the Alaska Railroad passes within 300 feet of the village, it provides no local transportation. Municipal bus service stops at Peters Creek, miles away from Eklutna; residents need access to automobiles if they are to have regular employment.

## ***Situation & Prospects for the Village***

Recent changes in management at the Native Village of Eklutna suggest it is possible to resolve impediments to the development of new housing and workplaces by collaborating with Eklutna, Inc., the ANCSA village corporation. The goal of “building a better village” suggests the development of a Multi-Use Facility will improve the quality of life for local residents -- native and non-native alike – by providing a community meeting hall, educational offerings and cultural activities, increased services from social service agencies, libraries, the University of Alaska, and others. A related increase in housing stock is likely to draw the descendants of Eklutna villagers and their extended families to live in the area. An effort to create local employment is afoot, capitalizing on Eklutna’s “halfway there” location between the Matanuska Valley and Anchorage. The effect of Southcentral Foundation’s residential facility for adolescents undergoing treatment for mental health issues is uncertain, but it is likely to provide service-related employment opportunities. NVE intends to capitalize on these opportunities.

## **Section 4 Legal Authority & Issues**

The Native Village of Eklutna, a tribal government entity, is the likely owner of the facility. NVE is a bit uncommon, a federally-recognized tribal government which operates as a hybrid, a cross between a local government such as the City of Palmer (without the ability to levy property taxes) and a non-profit corporation recognized as a 501(c)(3) (which operates on grants procured from federal, state and non-governmental organizations – private foundations).

The ordinances affecting the development and operation of the proposed Multi-Use Facility are:

- Land Use Regulations of the Municipality of Anchorage (Title 21).
- International Building Code, IBC (2006 Edition)
- International Fire Code, IFC (2006 Edition)
- International Mechanical Code, IMC (2006 Edition)
- Uniform Plumbing Code, UPC (2000 Edition)
- National Electric Code, NEC (Latest Adopted Version)

Like other parts of the Municipality lying north of Eagle River, building projects in Eklutna are subject to the jurisdiction of the State Fire Marshal’s Office, not the Municipal Building Official.

## **Section 5 Management Structure**

The Tribal Administrator is the Chief Executive Officer of the Native Village of Eklutna. His duties include providing and maintaining suitable facilities to conduct the business of NVE. When facilities are owned, the staff or contractors provide the labor and materials necessary for facility maintenance. Decades of experience in asset management and real property management qualify the current Tribal Administrator to maintain a facility like the proposed village hall and offices using staff resources. The current handyman/janitorial worker calls on contractors as needed for work requiring additional resources.

## **Section 6 Financial Data**

### ***Cost Estimate***

A Construction Cost Estimate shows it is likely a suitable Multi-Use building can be built for approximately \$1,500,000 (total project cost, including hard and soft costs). This assumes a two-story wood frame office building with a Gross Building Area (GBA) of 9,000 square feet provides about 4,050 square feet of usable area on each floor (excluding stairways & unusable utility areas). Interviews with informed people, including experts at Davis Constructors & Engineers, a major construction company active in the area, provided the basis for our cost estimate using principles generally accepted in Southcentral Alaska. Because NVE owns or expects to contribute the necessary land, this estimate excludes the cost of site acquisition. [See Appendix.]

### ***Occupancy Cost***

A “Front Door Analysis” developed at the University of Wisconsin Graduate School of Real Estate shows the amount necessary to pay for the initial annual cost to occupy the facility. Using the construction cost for input, it shows that grant funding rather than debt financing or bonds are used to create a facility ready for occupancy.

The required “owner’s required return on equity (ROE)” reflects NVE’s conservative fiscal policy – set aside 3% of the cost of the facility in interest-bearing investments so that when the building is fully depreciated in about 33 years, NVE will have funds on hand sufficient to replace the facility. If no replacement fund were created, the annual occupancy cost could be sharply reduced. This approach provides a financial cushion that minimizes the effect of financial turbulence.

Annual Operating Expenses, a cost of occupancy, are added to the funds set aside annually to provide reserves for replacements. Because no vacancies are likely, there is no reason to drive up the required rent to offset vacancies.

Required Effective Gross income (covering the cost of debt financing, operating expenses, and offsetting potential vacancies) is then about \$80,000, or less than \$10 per square foot of rentable space; local custom cites rents on the basis of rent per square foot per month; Eklutna’s will be about \$0.85/sf/mo or less in this scenario, considerably less than one would pay to rent space in the private market.

## ***Income & Operating Expenses***

The Income and Expenses Projection shows that the rents required to maintain solvency begin at \$0.85/sf/month – less than half of Market Rent for similar space in the region.

The cost of operating expenses is determined by analyzing market data for other office buildings in the area and a review of the likely cost of energy – electricity and natural gas – for a new building designed to minimize the waste of precious resources. The estimate is refined after considering Eklutna’s experience with its current facilities (which are far less energy efficient and considerably more maintenance-intensive). The 5-year projection demonstrates the effect of raising operating expenses and rents to account for inflationary trends.

The data shows Eklutna can carry out its mission while maintaining financial solvency and providing a multi-use facility that will serve the needs of Eklutna village, the surrounding neighborhoods, and commuters from the Matanuska Valley, and the region at large.

See Appendices I, II & III for details regarding the financial analyses. The research methodology and analytical techniques that produced them meet or exceed local standards for a preliminary feasibility study.

## **Conclusion**

NVE should pursue the development of a Multi-Use Facility. There is clearly a public need for such a facility at Eklutna. By making it possible to do things that cannot be done now, it becomes possible to improve the lives of future residents of Eklutna, the surrounding neighborhoods and the nearby communities for generations to come.

Though funding is in short supply, the development of such a facility involves a prudent use of scarce resources. The improved work environment will make it easier to employ good workers. The cost of occupancy will decrease.

The Mayor of the Municipality of Anchorage has listed Eklutna’s Multi-Use Facility as a worthy capital project. NVE must take action to make the dream a reality.

## Eklutna Multi-Use Facility CONSTRUCTION COST ESTIMATE

### BUILDING SPECIFICATIONS

Gross Building Area (GBA)		9,000 sf	4,500 sf/floor --	2 floors
Rent-producing "Usable Area"	90.0% Efficiency	8,100 sf	16.2 employees upstairs @ 250sf each	

### HARD COSTS

Davis Constructors - Construction Costs	\$150.00 /sf	\$1,350,000	Est. @	\$150.00 /sf
Mechanical & Electrical Design (included above)		\$0		
Tenant Improvements (Interior partitions, etc.)		\$0	Est. @	\$0.00 /sf of Usable Area
Insurance (included above)	0.0%	\$0		
Utility Hookups - Wtr, Swr, Elec, Gas & telecom		\$5,000		
Site Improvements - parking, landscaping, etc.		\$5,000		
Unassigned Contingency	5.0%	\$67,500		
<b>Total Hard Costs</b>			\$1,427,500	\$159 /sf GBA 95% of Total Project Cost

### SOFT COSTS

Architects Fee	6.0%	\$81,000		
Civil Engineering		\$0	Included in architect's fee	
Geotechnical Engineering & Testing		\$1,000		
Landscape Architects		\$0		
Add Markup for Architect		\$0		
Soil investigation - drilling		\$0	Included in Geotechnical Fee	
Proposal Preparation		\$0		
Other		\$0		
Special Inspections required by MoA/UBC		\$0		
<b>Total Soft Costs</b>			\$82,000	\$9 /sf GBA 5% of Total Project Cost

### TOTAL HARD & SOFT COSTS

\$1,509,500 \$168 /sf GBA 100% of Total Project Cost

### LAND ACQUISITION

20,000 sf @ \$0.00 /sf \$0 \$0 /sf GBA 0% of Total Project Cost

### TOTAL HARD, SOFT, & LAND COSTS

\$1,509,500 \$168 /sf GBA 100% of Total Project Cost

### OTHER COSTS

Construction Loan Interest	0.00%	\$0		
Loan Fees - Construction Loan	0.0%	\$0		
Appraisal Fee		\$0		
Water & Sewer Assessments		\$0		
Title Insurance & Closing Costs		\$0		
Legal & Accounting		\$0		
Loan Fees - Long-term Financing	#DIV/0!	\$0		
<b>Total Other Costs</b>			\$0	\$0 /sf GBA 0% of Total Project Cost

### TOTAL PROJECT COSTS

\$1,509,500 \$168 /sf GBA 100% of Total Project Cost

**Eklutna Multi-Use Facility**  
**FRONTDOOR ANALYSIS -- DETERMINES REQUIRED RENT**

LAND ACQUISITION COST	\$0	@ \$0.00 /sf
BUILDING OR RENOVATION COSTS		
HARD COSTS	\$1,427,500	@ \$158.61 /sf of GBA
SOFT COSTS	\$82,000	@ \$9.11 /sf of GBA
OTHER COSTS	\$0	@ \$0.00 /sf of GBA
TOTAL BUILDING OR RENOVATION COST	<u>\$1,509,500</u>	@ \$167.72 /sf of GBA
TOTAL PROJECT COST	<u>\$1,509,500</u>	@ \$0.00 /sf of GBA
LOAN TO COST RATIO	0.0%	
LOAN AMOUNT	\$0	
ANNUAL DEBT SERVICE	\$0	
OWNER'S EQUITY	\$1,509,500	100.0%
REQUIRED RETURN ON EQUITY (ROE) - YEAR 1	3.0%	
REQUIRED EQUITY DIVIDEND	<u>\$45,285</u>	
REQUIRED NET OPERATING INCOME	\$45,285	
ANNUAL OPERATING EXPENSES	<u>\$34,459</u>	\$3.83
REQUIRED POTENTIAL GROSS INCOME	\$79,744	
EXPECTED VACANCY	0.0%	
REQUIRED EFFECTIVE GROSS INCOME	<u>\$79,744</u>	
USABLE SQUARE FEET (Tenant space)	8,100	
ANNUAL RENT REQUIRED PER SQUARE FOOT	\$9.84	
MONTHLY RENT REQUIRED PER SQUARE FOOT	\$0.82	Use \$0.85 for following analyses

**Eklutna Multi-Use Facility**  
**INCOME & EXPENSES**

GBA: 9,000  
 Rentable SF: 8,100

ASSUMPTIONS	Year	1	2	3	4	5
Market Rent/SF/Month		\$0.85	\$0.88	\$0.90	\$0.93	\$0.96
Rental Rate Escalation Rate			3%	3%	3%	3%
Vacancy & Credit Loss		0%	0%	0%	0%	0%
% of Bldg Leased or Turned Over		100%	0%	0%	0%	0%
\$/SF Tenant Improvements (New Leases)		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Expected Inflation for Tenant Improvements			3%	3%	3%	3%
Leasing Commission (New Leases)		0%	0%	0%	0%	0%
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GROSS SCHEDULED INCOME		\$82,620	\$85,099	\$87,652	\$90,281	\$92,990
Vacancy & Credit Loss		\$0	\$0	\$0	\$0	\$0
Expense Pass-Throughs		\$0				
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EFFECTIVE GROSS INCOME		\$82,620	\$85,099	\$87,652	\$90,281	\$92,990
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OPERATING EXPENSES	\$/sf/yr GBA					
Expected Inflation Rate			3%	3%	3%	3%
Maintenance	\$0.099	\$891	\$918	\$945	\$974	\$1,003
Janitorial, Carpets & Windows	\$1.300	\$11,700	\$12,051	\$12,413	\$12,785	\$13,168
Electricity	\$1.400	\$12,600	\$12,978	\$13,367	\$13,768	\$14,181
Natural Gas	\$0.233	\$2,097	\$2,160	\$2,225	\$2,291	\$2,360
Refuse	\$0.088	\$792	\$816	\$840	\$865	\$891
Water & Sewer	\$0.000	\$0	\$0	\$0	\$0	\$0
Elevators	\$0.000	\$0	\$0	\$0	\$0	\$0
Insurance	\$0.250	\$2,250	\$2,318	\$2,387	\$2,459	\$2,532
Legal & Professional	\$0.000	\$0	\$0	\$0	\$0	\$0
Grounds & Parking Lot Maint.	\$0.120	\$1,080	\$1,112	\$1,146	\$1,180	\$1,216
HVAC Contract Services	\$0.247	\$2,223	\$2,290	\$2,358	\$2,429	\$2,502
other	\$0.000	\$0	\$0	\$0	\$0	\$0
Real Estate Taxes (mill rate)	0.00	\$0	\$0	\$0	\$0	\$0
Management (% EGI)	1%	\$826	\$851	\$877	\$903	\$930
Tenant Improvements		\$0	\$0	\$0	\$0	\$0
Leasing Commissions		\$0	\$0	\$0	\$0	\$0
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TOTAL OPERATING EXPENSES	\$3.83	\$34,459	\$35,493	\$36,558	\$37,654	\$38,784
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NET OPERATING INCOME		\$48,161	\$49,606	\$51,094	\$52,627	\$54,205