



# AEYC FAMILY CENTER

## Feasibility Study

June 2025

**PREPARED FOR:**

**Southeast Alaska Association  
for the Education of Young Children**

<b>Executive Summary.....</b>	<b>3</b>
<b>Introduction and Methodology .....</b>	<b>4</b>
Introduction and Approach Background.....	4
Feasibility Study .....	4
<b>Family Center Development Plan .....</b>	<b>6</b>
Phase 1 .....	6
Phase 2 .....	7
Phase 3 .....	7
<b>Facility Use Projections .....</b>	<b>8</b>
Juneau Demographics.....	8
Care for Children 6 and Younger .....	9
Office Space.....	10
Indoor Park.....	11
Children's Museum .....	13
Event Space.....	18
Community Gardens.....	19
Housing .....	19
<b>Operating Revenue .....</b>	<b>21</b>
Phase 1 .....	21
Phase 2 .....	22
Phase 3 .....	27
Operating Revenue Summary.....	27
<b>Operating Costs .....</b>	<b>28</b>
Family Center Facility Costs .....	28
Additional Program Costs .....	31
Operating Cost Summary.....	34
<b>Feasibility Analysis.....</b>	<b>35</b>
Scenario 2: Rent All Eight Housing Units .....	36
Scenario 3: Increase Museum Admission Fee.....	37
Scenario 4: Increase Commercial Office Rent.....	37
<b>Risks and Considerations .....</b>	<b>38</b>
Revenue.....	38
Costs .....	39
<b>Appendix: Interview Contacts and Data Sources .....</b>	<b>40</b>

## LIST OF TABLES

Table 1. Actual and Projected Population by Age Group, City and Borough of Juneau .....	8
Table 2. Households Characteristics, City and Borough of Juneau.....	9
Table 3. Licensed Child Care Capacity, City and Borough of Juneau.....	9
Table 4. Projected Family Center Office Space Occupancy.....	11
Table 5. Number of Fairbanks Children's Museum Visitors.....	14
Table 6. Projected Annual Children's Museum Visits by Visitor Type .....	15
Table 7. Projected Children's Museum Birthday Parties .....	16
Table 8. Projected Annual Event Space Rental Days by Type .....	19
Table 9. Office Space Operating Revenue (Low, Medium, and High Scenarios).....	22
Table 10. Average Entrance Fees for Comparable Children's Activities .....	23
Table 11. Proposed Juneau Children's Museum Rates.....	23
Table 12. Annual Museum Admission Revenue (Low, Medium, High Scenarios).....	24
Table 13. Membership Fees for Comparable Children's Activities .....	24
Table 14. Annual Museum Membership Revenue.....	24
Table 15. Annual Museum Birthday Party Revenue.....	25
Table 16. Annual Museum Gift Store Revenue .....	25
Table 17. Children's Museum Total Annual Revenue Projections .....	25
Table 18. Juneau Event Facilities and Rental Rates .....	26
Table 19. Event Space Revenue Forecast.....	26
Table 20. Rental Housing Income (Low and High Scenarios).....	27
Table 21. Annual Family Center Operating Revenue.....	27
Table 22. Family Center Facility Staff Expense.....	28
Table 23. Annual Family Center Utility Costs .....	29
Table 24. Annual Children's Museum Staff Expense .....	32
Table 25. Annual Housing Management Expense for Common Areas.....	32
Table 26. Annual Community Garden Expense.....	33
Table 27. Annual Family Center Operating Cost, by Phase and Component.....	34
Table 28. AEYC Family Center Feasibility Analysis, Base Case Scenario .....	35
Table 29. Feasibility Scenario: Increased Housing Rental Revenue .....	36
Table 30. Feasibility Scenario: Increased Museum Entrance Fees .....	37
Table 31. Feasibility Scenario: Increased Office Space Rental Rate .....	37

# Executive Summary

The Southeast Alaska Association for the Education of Young Children (AEYC) is interested in building a new Family Center in Juneau to further its mission of educating and supporting children birth through age 8, and those who care for them. McKinley Research Group was contracted to conduct a feasibility study for the proposed Family Center, which will be located on Egan Drive, across from Fred Meyer in Juneau. This facility is intended to fill gaps in services for children in the Juneau community, including child care for children under school age and indoor activities for children up to age 8.

AEYC plans to construct the Family Center in three phases:

- Phase 1 will include space for a child care center, office space for lease to other family-focused non-profits, and an indoor park/playground.
- Phase 2 construction will add a children's museum, as well as an event space with a commercial kitchen, to the Family Center facility.
- Phase 3 will add an eight-unit housing development and community garden space to the Family Center site.

This report provides an assessment of operating revenue and costs by project component. The feasibility analysis finds that the Family Center will become profitable in Year 3, with profit increasing to almost \$150,000 by Year 5. The final section of this document provides three additional scenarios in which AEYC could potentially increase Family Center revenue and profitability.

## AEYC Family Center Feasibility Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5
	<i>Phase 1</i>	<i>Phase 2</i>	<i>Phase 3</i>	<i>Fully Operational</i>	
Revenue	\$187,200	\$362,200	\$528,585	\$567,650	\$613,350
Costs	\$294,043	\$411,633	\$456,143	\$460,403	\$464,749
Profit/Loss	<b>-\$106,843</b>	<b>-\$49,433</b>	<b>\$72,442</b>	<b>\$107,247</b>	<b>\$148,600</b>

This feasibility analysis does not include debt service costs related to financing capital expenditures related to Family Center development.

# Introduction and Methodology

## Introduction and Approach Background

Southeast Alaska Association for the Education of Young Children (AEYC) is a child care resource and referral agency for Southeast Alaska. AEYC has been serving early educators, families, and community members since 1982. AEYC offers teaching training and accreditation programs as well as parent resources. Its mission is to promote high-quality learning for all children, birth through age 8, by supporting all who care for, educate, and work on their behalf.

AEYC received a \$5 million federal grant to launch the development of a multi-faceted Family Center. The Family Center will house a child care center with more than 100 spaces for children. The center also will provide office space for nonprofits and family-focused social service agencies, an indoor park, a children's museum, an event space with a commercial kitchen, on-site housing for caretakers and apprentices, rental apartments, and a community garden.

## Feasibility Study

AEYC contracted with McKinley Research Group (MRG) to conduct a feasibility study for the Family Center. This study includes an assessment of revenue potential and operational expenses, by project component and phase, and analysis of four development scenarios in terms of their feasibility. This analysis will be used to assist AEYC in deciding how best to move forward with a \$38 million project that is sustainable and matches community needs.

MRG has conducted dozens of feasibility studies throughout Alaska, including, recently, housing projects in Southeast Alaska, recreational facilities in Anchorage, and a community maker space in Juneau. Feasibility studies assess the potential of a project's success and typically include analysis of some combination of technical resources, financial potential, market fit, operational resources, and legal and regulatory requirements and barriers. This Family Center report focuses on financial feasibility, and includes a cost-benefit analysis, returns on investment, and financial risks.

The results of this feasibility study are presented in this report as follows:

- Chapter 1: Facility Use Projections
- Chapter 2: Operating Revenue
- Chapter 3: Operating Costs
- Chapter 4: Feasibility Analysis by Scenario

## Methodology

The McKinley Research Group team met frequently with staff from AEYC to discuss expectations for the facility and projects for use, revenue, and costs. MRG conducted interviews with professionals in the Juneau community and in other Alaska communities to get a holistic perspective of demand and projected use for each of the components of the facility. MRG followed up these interviews with local research on costs related to managing and operating such a facility, including staff, utilities, and maintenance. This feasibility analysis considers only operating costs and revenue and does not include capital costs or debt servicing related to capital expenditures as a component of the model.

Interviews were conducted with representatives 23 organizations, listed in the Appendix to this document.

Using projected demand and use estimates, projected fees for leases and admission rates, and real costs of doing business in Juneau, the feasibility model forecasts operating costs and revenue for years one through five of operation. This also accounts for the phased approach of opening the facility, in which the event space, commercial kitchen, additional office space, and children's museum will not open until Year 2, and the housing development will not open until Year 3. Projections for years four and five reflect a facility that is fully operational.

# Family Center Development Plan

The Family Center will be developed in three phases over three years. AEYC purchased land in Juneau on Egan Drive across from Fred Meyer to build the facility. The following sections describe each phase of development.

## Phase 1

AEYC plans to construct a building that will be 34,000 to 40,000 square feet. Within that building, Phase 1 involves completion of a child care center, office space, and an indoor park, at a total of about 15,000 square feet.

### Child Care Center

The Family Center will feature a 3,000-square-foot child care center run by a third party not yet identified. The facility will be built with capacity for up to 100 children and will include space for AEYC's child care apprenticeship program. In the apprenticeship program, trainees can receive accreditation to become early childhood educators or administrators. AEYC runs the lab-school program in partnership with the University of Alaska Anchorage. Currently apprentices work at other child care facilities to complete training.

### Office Space

Office space of 7,000-8,000 square feet for nonprofit and social service agencies will be located on the second floor, above the child care center, allowing families to access services at a single location. Potential tenants include thread Alaska, Kin Support, JAMHI Family, and Girl Scouts of Alaska. Meeting rooms of 400-1,700 square feet will also be available.

### Indoor Park

The first phase also includes an indoor park that would be run by AEYC and free of charge to users. The 3,900-4,300-square-foot park would include indoor climbing structures, play areas, and spaces designed for educational games and activities.

## Phase 2

AEYC plans to add the following spaces to the Family Center in Phase 2.

### Children's Museum

A 3,000-square-foot Children's Museum will be designed for children aged 8 and under and their families. The facility would be the first museum in Juneau designed specifically for children. Memberships would be available for local families and child care facilities, and summer programming would be designed for both locals and out-of-town visitors.

### Events Space

An events space will be built to accommodate as many as 100-150 event attendees. The event space includes a dining hall and an adjacent commercial kitchen. Event facilities are designed to serve the community and generate income to fund Family Center programming.

## Phase 3

In Phase 3 of the project, AEYC plans to add new components on the same property, though not attached to the main Family Center.

### Housing

The final phase of the Family Center will create eight affordable housing units on-site, for a total of 4,800 square feet. One unit will be available for a staff member, and another will be available for apprentices. The rest will be rented to individuals or families.

### Community Garden

A community garden will be constructed at the Family Center. The garden will be designed to provide hands-on learning opportunities for children and healthy seasonal food for the child care center. It is expected to be 1,500 square feet, with both flowers and vegetables grown in different parts of the garden.

# Facility Use Projections

Projections for the use of each Family Center component are based on the City and Borough of Juneau's (CBJ's) child population in combination with analysis of existing services, use of similar facilities, gaps in services, and interviews with managers of children's facilities in Juneau and other Alaska communities. This section outlines CBJ child population numbers and facility use projections or demand assumptions for each component of the Family Center.

## Juneau Demographics

The following sections describe the current population of children and households in CBJ, which is the target market of many components of the Family Center.

### Population

The CBJ population was 31,436 in 2024, including 2,839 children aged 8 and under. Between 2020 and 2024, the CBJ population decreased by 3%, or about 800 residents. In the next decade, this population is expected to decrease by another 4%, or -1,166 residents. The number of children living in CBJ is expected to decline at a faster rate over the next decade.

**Table 1. Actual and Projected Population by Age Group, City and Borough of Juneau, 2020, 2024, 2030, 2035**

Age Range	2020	2024	Projected 2030	Projected 2035	Expected Change 2024-2035
Family Center Target Age Ranges					
Birth through 5	2,099	1,792	1,614	1,553	-239 (-13%)
Birth through 8	3,283	2,839	2,433	2,350	-489 (-17%)
Total CBJ Population	32,255	31,436	30,975	30,270	-1,166 (-4%)

Source: Alaska Department of Labor and Workforce Development

CBJ is home to about 13,000 households. Limited statistics are available to describe the number of households with children in the Family Center target age range of birth through 8 years. An estimated 9% of households include children under age 6, about 1,200 households.

**Table 2. Households Characteristics, City and Borough of Juneau, 2023**

Household Type	Number of Households	Percentage of Households
Households with own children <18 years	3,059	23.3%
Households with children <6 years old	1,187	9.0%
<b>Total households</b>	<b>13,138</b>	<b>100.0%</b>

Source: American Community Survey, 2019-2023 5-year estimates, MRG estimates

## Care for Children 6 and Younger

Developing space to house a child care program is a core component of the Family Center project. The following sections describe the availability of child care in Juneau and the assumptions used in this feasibility study.

### Juneau Licensed Care Availability

As of May 2025, 18 licensed child care programs operated in Juneau, with total capacity for 615 children from birth through 12 years of age. Nine of the licensed facilities are classified as child care centers. The child care centers have a capacity for a total of 531 children, or 85% of total capacity in Juneau. Three group homes operate, with total capacity for 36 children. Six child care homes have a total capacity of 48.

**Table 3. Licensed Child Care Capacity, City and Borough of Juneau, 2025**

Care Setting	Number of Facilities	Capacity
Center	9	531
Group Home	3	36
Home	6	48
<b>Total</b>	<b>18</b>	<b>615</b>

Source: Alaska Department of Health

The number of licensed child care facilities in Juneau has declined in recent years, increasing the unmet demand for child care options. In the last year, the number of licensed care facilities dropped from 22 to 18 facilities. Child care capacity decreased by 22%, with a loss of space for 173 children.

### PRESCHOOL

The Juneau School District served a total of 162 preschool children in 2024-25. The district provides preschool to 3- to 5-year-olds in several settings: integrated preschool classes, in which students with and without learning differences learn together in an environment that emphasizes peer support; a KinderReady Preschool Program, which uses a child-centered curriculum to

prepare children for kindergarten; and Montessori Borealis Children's House, which serves ages 3 and 4 using Montessori teaching methods. While other Montessori grades are funded by the district, Montessori preschool students pay tuition fees.

## Child Care Center Demand Assumption

Considerable demand exists in Juneau for additional child care capacity. As of 2023, capacity in licensed child care programs was sufficient to provide care for about 36% of CBJ children under age 6. An additional 30% of CBJ children were not in need of child care due to having at least one parent who is at home and not in the workforce. The gap between need for child care and capacity represented about 650 children, 34% of the CBJ population under age six.<sup>1</sup> With the CBJ's high demand for increased child care options, this feasibility study assumes that a child care program tenant would be available to rent space in the Family Center if the space was priced competitively with other market-rate options.

## Office Space

Nonprofit and social service organizations have expressed interest in co-location with complementary services at the Family Center. Potential renters who were interviewed have varying office arrangements currently. These include owning their building, paying rent, and paying no rent while providing in-kind services. Agency decisions to move into the new Family Center will depend on cost, included amenities and services available at the Family Center, and timing in relation to lease expiration.

A primary motivation for moving into this space would be to provide warm hand-offs of client families to partner agencies on site. "One-stop shopping" for services is especially important because clients often lack adequate transportation.

Potential renters who were interviewed for this feasibility study cited the following as incentives or considerations when moving into a new space:

- Access to a shared conference room
- A commercial kitchen for events, family activities, and classes
- Shared administrative personnel to direct clients to the appropriate agency
- Space and activities welcoming children of all ages
- Spaces that accommodate large strollers, allow mothers to nurse, and comply with the Americans with Disabilities Act
- Availability of small storage space (25-50 square feet)

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<sup>1</sup> Alaska's Early Childhood Education Data Dashboard, thread, <https://www.threadalaska.org/thread/business-community/tools-for-business/alaska-early-care-and-learning-dashboard/>, accessed May 16, 2025.

- An on-site food pantry and diaper bank for clients
- A streamlined system for communication between agencies in the building to meet clients' needs and protect their confidentiality
- Use of the conference area for regular interagency check-ins to improve communication and prevent duplication of services

## Office Space Occupancy Projections

As previously stated, several organizations have expressed interest in renting office space in the Family Center. Commercial office space occupancy often increases in the first several years of construction as interested tenants move between space, and others learn about the space or their current leases expire.

AEYC plans to occupy 2,500 square feet of the available office space to house the organization's current programs. Another 6,000 square feet will be available for tenants.

Occupancy of the Family Center's office space is anticipated to increase from 75% in Years 1 and 2 to 100% occupancy in Year 5. These occupancy rates are based on assumptions that agency awareness of the space and its amenities will increase as AEYC promotes it. In addition, nonprofits may need time to complete existing rental leases or secure funding for rental fees through grants and contributions.

**Table 4. Projected Family Center Office Space Occupancy**

Category	Year 1	Year 2	Year 3	Year 4	Year 5
Occupancy Rate	75%	75%	85%	85%	100%
Total Space Leased (square feet)	4,500	4,500	5,100	5,100	6,000

## Indoor Park

Several facilities were reviewed to consider the indoor park operating structure and comparable spaces for children in Juneau. The following provides more details about each facility.

### Indoor Recreation Facilities

#### FAIRVIEW COMMUNITY RECREATION CENTER

The Alaska facility most similar to the AEYC's proposed indoor park is the indoor playground at the Fairview Community Recreation Center. In 2022, the Municipality of Anchorage opened this playground, which was the first indoor playground in Anchorage. The playground provides an extensive climbing area, including slides, rope nets, rock climbing holds, and other playground equipment for children 12 and younger. The playground is open seven days a week, 10 a.m. to

7 p.m. Mondays-Fridays and noon to 7 p.m. on weekends. Admission is free. The playground is not staffed.

### **RAINFOREST PLAY ZONE**

Opened in 2022, the Rainforest Play Zone is a Juneau private business that provides indoor space for various types of play. Features include a rock-climbing wall, obstacle course, sporting equipment, bounce house, and Swedish climbing gym; a sensory area; a child-sized town and outfits for dramatic play; musical instruments, props, and a microphone for performing; and a light table, microscope, and other tools for scientific exploration. The Play Zone is open from 10 a.m.-6 p.m., seven days a week, with additional hours from 6 p.m.-8 p.m. for members. Play areas are reserved for birthday parties from noon-5 p.m. on Sundays, and are available for open play if no parties are scheduled. Daily admission is \$13 for one child; unlimited monthly admission is \$60 for one child, \$102 for two children, and \$150 per month for a family.

### **MT. JUMBO GYM**

At 3,400 square feet, Juneau's Mount Jumbo Gym in Douglas is similar in size to the AEYC playground but lacks built-in play equipment and serves a wide range of ages. The city-run gym holds a Preschool Open Gym from 9:30 a.m.-11:30 a.m. Monday-Friday. The cost is \$5 per child and adults are free. City passes used at the turf field can also be used at Mt. Jumbo Gym. The facility is available for rentals, based on staff availability.

### **DIMOND PARK FIELD HOUSE**

Dimond Park Field House in the Mendenhall Valley also hosts an Open Turf for children but also does not include built-in play equipment and provides space for a wide range of athletic groups and events. The field house is 29,000 square feet, almost seven times the size of AEYC's proposed indoor park. CBJ opens the Dimond Park Field House to children up to 6 years old each weekday from 9 a.m.-1:00 p.m. in a session called Turf for Tots. The daily cost is \$5 per child ages 6 months to 6 years. No fee is charged for guardians. Multi-use, monthly, and annual passes are available. Balls and play equipment can be checked out and the facility can be rented for special events.

### **THE ROCK DUMP INDOOR CLIMBING GYM**

The privately owned Rock Dump, an indoor climbing facility, provides 11,000 square feet of built-in climbing walls and serves primarily adults and teens, with one drop-in program for young children. This program is called Tots on the Rocks and takes place on the last Friday of every month from 3:00-4:00 p.m. Children can use the climbing walls without the traffic of regular business hours. A Tots on the Rocks pass is \$15 for a day, including climbing gear.

## Indoor Park Demand Assumption

Juneau currently has no indoor playground, and, given the region's inclement weather, the planned playground will almost certainly be used by families and child care programs. Particularly lacking in Juneau are indoor play areas in the afternoon and on weekends, when the Preschool Open Gym in Douglas and Turf for Tots in the Mendenhall Valley are closed. Rainforest Play Zone has more extensive hours and a range of indoor play options for children, but is likely cost-prohibitive for many families, particularly those accessing agency services housed at the Family Center.

AEYC does not expect to charge families for entrance to the indoor playground; therefore, no visitation estimates, or related revenue projections have been developed for this feasibility study.

## Children's Museum

The proposed Children's Museum includes 3,000 square feet of space for interactive science, technology, engineering, arts, and math (STEAM) activities, as well as an art studio (1,400 square feet) and a workshop (700 square feet).

Almost 500 children's museums exist in the United States, employing 12,200 people and earning more than \$708 million each year.<sup>2</sup> Many children's museums serve children from birth to 8 years old, with some for children up to 10 or 12 years old. AEYC's proposed children's museum would be designed for children up to age 8.

## Comparable Alaska Facilities

Juneau currently does not have a dedicated children's museum. Several Alaska facilities were reviewed to consider the Children's Museum operating structures, resident and non-resident visitation, and operating costs and revenues. Despite several initiatives to build children's museums in Alaska, and several facilities with designated children's spaces, few spaces exist in state that are truly comparable to AEYC's planned children's museum within the Family Center. The Fairbanks Children's Museum described below provides the best example of museum visitation.

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<sup>2</sup> Cause IQ, Children's Museums, <https://www.causeiq.com/directory/childrens-museums-list/#>, accessed March 3, 2025.

## FAIRBANKS CHILDREN'S MUSEUM

Opened in 2015, the Fairbanks Children's Museum exhibits include an Imagineering Lab, Tree Canopy Climber, a water table, calming room, and vet clinic.<sup>3</sup>

The Fairbanks Children's Museum served 48,970 people in 2024, following its record year of 51,520 visitors in 2023.<sup>4</sup> An estimated 5% to 10% of museum visitors are non-resident visitors to the Fairbanks region.

**Table 5. Number of Fairbanks Children's Museum Visitors, 2024**

Type	Number
Individuals	12,310
Members	21,670
Field trips	1,990
Birthday party guests	5,950
Others (Campers, Kids' Night In, OCS visits, other services)	2,420
Free and reduced passes (including library passes)	4,650
<b>Total</b>	<b>48,990</b>

Source: Fairbanks Children's Museum

Within its first year, the museum had 35,000 visitors and 892 family memberships. At the end of each school semester, the museum is fully booked with school field trips and has to turn people away.<sup>5</sup>

Constant outreach and a presence by museum staff at family-oriented public events are key factors in visitation numbers. Also critical is a high degree of responsiveness to public feedback and requests, which greatly influence program development. For example, the museum provides summer and winter break camps due to such requests, as well as Sensory Monday, when families can ask for lights to be dimmed or loud exhibits to be turned off, depending on their child's needs.

## Children's Museum Visitation Projections

Total visits to the new children's museum are projected to increase from about 8,000 in Year 2, the first year of museum operation, to more than 14,000 by Year 5. Most of these visits are

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<sup>3</sup> Fairbanks Children's Museum, <https://www.fairbankscustomers.com/classes>, accessed March 12, 2024.

<sup>4</sup> Downtown Association of Fairbanks, "Fairbanks Children's Museum Builds Outdoor Play Space," <https://www.downtownfairbanks.com/fairbanks-childrens-museum-builds-outdoor-play-space/#:~:text=The%20Fairbanks%20Children's%20Museum%2C%20a%20non%2Dprofit%20family.create%20together%20in%20the%20former%20Woolworths%20building>, accessed March 3, 2025.

<sup>5</sup> Meredith Maple, Executive Director, Fairbanks Children's Museum, interview April 25, 2025.

expected to be by local families and child care businesses. The following visit projections are based on CBJ population data, Juneau School District enrollment data, input from the Fairbanks Children's Museum, and interviews with Alaska tourism experts with extensive experience in visitor-oriented offerings.

**Table 6. Projected Annual Children's Museum Visits by Visitor Type**

Visitor Type	Year 2	Year 3	Year 4	Year 5
Resident Children	2,560	4,260	5,110	6,390
Resident Adults	1,280	2,130	2,560	3,190
Non-Resident Children	480	480	680	680
Non-Resident Adults	240	240	340	340
<b>Total Day Pass Visits</b>	<b>4,560</b>	<b>7,110</b>	<b>8,690</b>	<b>10,600</b>
Membership Families	3,000	3,000	3,000	3,000
Membership Child Care	500	500	500	500
<b>Total Member Visits</b>	<b>3,500</b>	<b>3,500</b>	<b>3,500</b>	<b>3,500</b>
<b>Total</b>	<b>8,060</b>	<b>10,610</b>	<b>12,190</b>	<b>14,100</b>

The following sections provide additional details about children's museum visitor groups.

## LOCAL RESIDENT VISITORS

### *Day passes*

There are approximately 2,900 resident children under age 8 in Juneau, and an estimated 1,500 households with children under 8 (referred to here as small children). This analysis assumes that, in the first year of operation, 25% of households with small children will visit the museum using a day pass an average of three times per year. By the fourth year of operation, this percentage will increase to 75% of households with children, still visiting an average of three times per year. The average visiting family is assumed to be two children and one adult, all three of whom pay the same admission rate. The total number of day passes sold to residents in the first year of operation is expected to be just over 8,000, increasing to 14,000 by the fourth year, which includes field trips by students in kindergarten and higher.

### *Memberships*

AEYC plans to offer annual memberships. This feasibility study assumes about 10% of resident families with children under 8 years old (150) will purchase annual memberships, starting in the first year of operation and continuing at a steady rate through the fourth year. Each of these families is expected to visit the museum, as a group of four, an average of five times per year, for a total of 3,000 visits

Child care businesses are expected to purchase memberships so that children can visit the museum on field trips. These memberships will be offered at the same rate as family memberships. About five child care programs are expected to purchase memberships each year. These five businesses will bring 100 additional visits to the museum each, with one adult for each eight children, for a total of 500 annual visits.

### ***Birthday Parties***

The museum will also be a space for holding children's birthday parties. The museum will have the capacity to host two birthday parties per weekend day, each lasting 2.5 hours. The cost for birthday parties at the museum is expected to be \$250. In the first year, the museum will likely only have one birthday party each weekend. Interest in the space as a party rental is expected to increase in later years, and by the fourth year of operation, the museum will have three birthday parties per weekend.

**Table 7. Projected Children's Museum Birthday Parties**

	Year 2	Year 3	Year 4	Year 5
Available Party Slots	208	208	208	208
Party Use	25%	50%	75%	75%
<b>Annual Birthday Parties</b>	<b>52</b>	<b>104</b>	<b>156</b>	<b>156</b>

### **NON-RESIDENT VISITORS**

Non-resident visitors to Juneau will likely contribute to children's museum visitation. A very small percentage of cruise ship passengers may visit the museum with children. Ten percent of independent travelers to Juneau visitors with children under 8 are expected to visit the museum as part of their trip. These families will make fewer than 500 visits in the first year of operation, and just under 700 by the fourth year. These estimates are based on the following observations of Juneau visitor demographics and interests.

### ***Cruise Passengers***

More than 1.7 million cruise ship passengers traveled to Juneau in 2024, an increase of almost 4% from the year prior. Visitor numbers are expected to drop slightly in 2025, by less than 1%, and are likely to be flat in 2026.

Based on a survey of more than 500 Juneau passengers in 2023, an estimated 2.35% of passengers are children ages 8 and under. This data aligns with estimates of cruise ship passenger children provided by visitor-industry representatives interviewed for this feasibility

study.<sup>6</sup> Based on these sources, an estimated 40,000 cruise passengers are expected to be children 8 and younger in the 2025 season.

Cruise market experts interviewed for this feasibility study anticipated that the number of passengers visiting the children's museum would be modest due to a variety of factors.

- Alaska cruisers traveling with young children prefer tours that appeal to all members of the family.
- Most Juneau shore excursions are already considered family-friendly, with some offering activities specifically aimed at young children: glacier tours, whale watching, tram, etc.
- Juneau's shore excursion market is already saturated, with dozens of offerings. Cruise lines are not necessarily seeking additional tours.
- Museums generally attract a much smaller percentage of passengers than outdoor activities, such as whale watching, flightseeing, and hiking.
- Previous attempts at offering tours aimed at young children have been unsuccessful.
- Packaging the museum with other attractions may be difficult due to capacity. For example, packaging the museum with a visit to Mendenhall Glacier may be difficult due to the lack of available commercial permits for glacier visits.
- The proposed museum's location next to a highway is unlikely to appeal to passengers. The added cost, time, and inconvenience of transportation further limits the market compared to downtown attractions.

Experts interviewed for this study do not anticipate the children's museum being offered as part of a tour sold through cruise lines. Attempting to market the attraction directly to cruise passengers, without cruise line involvement, requires significant investment, such as a booth on the dock.

### **Non-Cruise Visitors**

Non-cruise visitors to Juneau (those traveling by air or ferry) represented about 6% of total summer visitation, or about 80,000 visitors, the last time they were measured (2018).<sup>7</sup> A 2018 survey showed that just 6% of air visitors' party members were under 18, implying even fewer visitors ages 8 and younger. The observations about cruise passengers generally apply to independent visitors in terms of competition with other activities. Independent visitors are also much more expensive to market to compared with cruise passengers – they must be reached individually, one travel party at a time. These visitors are more likely than cruise ship passengers to be visiting friends or family in Juneau and are therefore more likely to visit a children's

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<sup>6</sup> Interviewees indicate children between six months and eight years old represented about 2.38% of passenger volume.

<sup>7</sup> Juneau Air and Ferry Visitor Survey, Summer 2018, McDowell Group.

museum as a part of their experience, rather than pre-packaged tours. Independent travelers are assumed to visit the museum at a higher percentage than families coming on cruise ships.

#### ***Non-Resident Visit Expectations***

Despite all of the above caveats, the proposed museum is likely to attract a small number of visitors - both cruise and independent. Relatively minor investments of time and resources could boost the museum's visibility; for example, purchasing a Travel Juneau membership; displaying brochures at kiosks at the Visitor Center, ferry terminal, and airport; keeping Visitor Center staff and volunteers updated on museum exhibits and offerings; and making the museum website visitor-friendly.

Together, admission from daily visitors (both residents and tourists) and members will total about 14,000 unique visits to the museum by the fourth year it is in operation.

## **Event Space**

The event space and commercial kitchen will be available for rent starting in Year 2 of the Family Center.

### **Comparable Facilities**

Juneau currently has more than a dozen event rental venues. Rentals are available by the hour, partial days, and, in some places, full days. Smaller venues tend to be churches, such as Church of the Holy Trinity and Chapel by the Lake, which typically accommodate 100 to 250 people. Private venues, such as Glacier Gardens and the Juneau Yacht Club, can hold 100 to 340 people and are often used for weddings, birthday parties, work events, and fundraising events. Larger facilities, such as Juneau Arts and Culture Center (JACC) and Centennial Hall can hold crowds of 290 to 1,100 people. Commercial kitchens are available in some of these venues, such as the Juneau Yacht Club, Centennial Hall, and JACC.

### **Event Space Projected Use**

AEYC plans to offer event space for rent up to three weekends per month as well as up to two weekdays per week, a total of about 180 days per year. This feasibility study assumes that space rentals will be a mix of full- and half-day rentals and that the commercial kitchen will attract standalone rentals.

Between Years 2 and 4 of the Family Center, projected use for the entire space is expected to increase from 20% to 30% of the total rentable days as availability of this space becomes more widely known, with Year 5 remaining at 30%. This would result in an increase from 16 to 23 days per year in which the entire space is rented in Years 2 to 4. Weekday rentals for the entire space

are expected to increase from 10 to 16 days per year between Years 2 and 4. The total days the event space or the kitchen alone would be rented would increase from 38 days per year in Year 2 to 63 days per year in Year 4.

**Table 8. Projected Annual Event Space Rental Days by Type**

Rental Type	Days	Estimated Days Booked			
		Year 2	Year 3	Year 4	Year 5
Entire event space	Weekends	16	20	23	23
Entire event space	Weekdays	10	12	16	16
Kitchen only	All days	12	18	24	24
<b>Total Days Booked</b>		<b>38</b>	<b>50</b>	<b>63</b>	<b>63</b>

## Community Gardens

Juneau currently has four community gardens: Juneau Community Garden, in Mendenhall Valley; Thane Community Garden, near downtown; The Glory Hall Community Garden, for its residents; and the Harborview Elementary School garden, for its students.

### Community Garden Demand

Although the AEYC gardens will not allow individuals to lease plots for gardening, it will allow those training to be Master Gardeners to take classes and to earn credit hours by gardening in the space. Members of the Master Gardeners in Juneau confirm there is continual demand for space such as this that can be used as a “learning lab,” and some individuals who may have been looking to lease space from other community gardens would instead use the AEYC Community Gardens for their instructional and learning needs.

## Housing

AEYC plans to offer housing at a rental cost of \$1,200 to \$1,400 per unit in an eight-unit apartment building on-site. Each unit will be one bedroom, one bathroom, and approximately 400 square feet. One unit will be reserved for an on-site property manager, and one unit will be reserved for apprentices working at the facility.

### Projected Use of AEYC Apartments

Construction of housing adjacent to the Family Center is meant to address, in part, the high cost and lack of availability of housing in Juneau. Almost one-third (31%) of Juneau homeowners with a mortgage are considered cost burdened, meaning their monthly housing costs are 30% or

more of their household income.<sup>8</sup> For renters in Juneau, about 39% of renters are cost-burdened. In 2024, adjusted rent in Juneau averaged \$1,493 and the rental vacancy rate was 3.9%.<sup>9</sup>

Another objective of this space is to ensure housing for AEYC apprentices in a community where finding housing is especially challenging during the legislative and tourism seasons.

This feasibility analysis assumes that all units available for rent will be occupied in Years 3 through 5, and that two of the units will be provided for free to staff. The other units will be rented at \$1,400 per month.

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<sup>8</sup> American Community Survey 2019-2023 5-year estimates. Selected costs include mortgages, real estate taxes, insurance, utilities, fuels, mobile home costs, and condominium fees.

<sup>9</sup> Alaska Department of Labor and Workforce Development and Alaska Housing Finance Corporation Rental Survey, March 2024. Adjusted rent is the amount paid to the landlord each month (contract rent) plus an adjustment for any utility costs not included.

# Operating Revenue

The following sections describe revenue associated with each of the services offered at the Family Center by phase and project component.

## Phase 1

Year 1 below describes the first year of Family Center operation in which the Child Care Center and office space are available for rent.

### Child Care Center

AEYC expects to rent the child care space within the Family Center to a provider who would operate a child care program. This feasibility studies assumes the tenant would pay a rate of \$2.00 per square foot to lease this space, with most utilities and janitorial service to be paid in addition to this. Based on the 3,000 square foot floor plan, the provider is expected to pay about \$72,000 to AEYC each year.

### Office Space

Conceptual Family Center plans include about 8,500 square feet of office space, including about 2,500 square feet that would be occupied by AEYC and an additional 6,000 square feet available for rent by other tenants. Similar to the child care center, office space would be rented at a rate of \$2.00 per square foot and would include access to amenities as described in the Introduction to this document.

Office vacancy rates often vary by class of space, location, and tenant promotion. This feasibility study assumes that occupancy rates increase across the first five years of operation as AEYC promotes this space to tenants whose mission aligns with the Family Center. Occupancy is expected to increase from 4,500 square feet in operation Years 1 and 2, to 6,000 square feet by Year 5. Revenue from office rent will increase from \$108,000 in Year 1 to \$144,000 in Year Five.

AEYC expects to offer rent that is competitive with other spaces in Juneau, and keep it as low as possible to attract tenants from social services organizations. The table below reflects total annual revenue if rented at \$2.00 per square foot, and how revenue could be increased if the office space were leased at \$2.15 or \$2.30 per square foot.

**Table 9. Office Space Operating Revenue (Low, Medium, and High Scenarios)**

	Year 1	Year 2	Year 3	Year 4	Year 5
Tenant-Occupied Space	4,500 sq ft	4,500 sq ft	5,100 sq ft	5,100 sq ft	6,000 sq ft
Office Space Revenue (\$2.00/sf)	\$108,000	\$108,000	\$122,400	\$122,400	\$144,000
Office Space Revenue (\$2.15/sf)	\$116,100	\$116,100	\$131,580	\$131,580	\$154,800
Office Space Revenue (\$2.30/sf)	\$124,200	\$124,200	\$140,760	\$140,760	\$165,600

## Locker Rental

AEYC expects to offer limited storage space (300 square feet) for rent at similar monthly fees of \$2.00 per square foot, generating an additional \$7,200 in annual revenue.

## Indoor Park

AEYC does not expect to charge admission fees for the indoor park, and no revenue for the indoor park is included in this feasibility analysis. However, opportunities exist to generate revenue through special event fees. Some comparable Alaska facilities offer this type of rental, charging about \$45-\$125 per hour.

## Phase 2

This feasibility analysis assumes that Phase 2 project components will be operational in Year 2.

### Children's Museum

The children's museum is expected to generate revenue through individual entrance fees, annual memberships, a museum store, and birthday party rental.

#### ENTRANCE FEES

The following table describes average entrance fees for comparable children's activities in Juneau. Most Juneau activities suitable for families with young children offer varying entrance fees for children, adults, and seniors. Some activities are free for children under age 2, while many vary between \$5 and \$10. Adult entrance fees are generally higher.

Attractions marketed towards visitors, rather than residents with children, typically charge higher entrance fees. Average fees below reflect current fees, not including free admission.

**Table 10. Average Entrance Fees for Comparable Children's Activities**

Facility	Children <2 years	Children 2-8 years	Adults	Seniors 65+
Fairbanks Children's Museum*	\$5	\$10	\$10	\$5
Alaska State Museum-Juneau**	\$0	\$0	\$14	\$13
Juneau-Douglas City Museum	\$0	\$0	\$7	\$6
Rainforest Play Zone	\$7†	\$13	\$0	\$0
Dimond Park Field House Turf for Tots	\$5	\$5	\$0	\$0
Treadwell Arena Open Skate	\$6	\$6	\$7	\$5
CJB Swimming Pools	\$0	\$3	\$8	\$6
DIPAC	\$0	\$5	\$7	\$7
The Rock Dump***	\$5	\$7	\$17.50	\$17.50
<b>Average non-AEYC entrance fees</b>	<b>\$5</b>	<b>\$12</b>	<b>\$16</b>	<b>\$15</b>

\*Fairbanks Children's Museum charges no fees for children <1 and \$10 for children ages 1-2, thus the average for ages 0-2 is \$5.

\*\*Alaska State Museum fees are \$9 for adults and \$8 for seniors in the winter.

†For Rainforest Play Zone admission, children who cannot crawl are free and those who can crawl are \$7.

\*\*\*Rock Dump fees are \$5 for ages 2-5 and \$10 for ages 6-8, thus the average for ages 2-8 is \$7.

Typical children's and family activities in Juneau have admission fees ranging from \$5 to \$10 per visit. The children's museum at the AEYC Family Center is expected to be a popular new facility for families, and admission will be set between \$10 and \$15, with annual family memberships costing \$250. The children's museum entrance fees used in this feasibility study are listed below. These entrance fees reflect the average prices of comparable attractions in Juneau, whose primary audience is residents.

**Table 11. Proposed Juneau Children's Museum Rates**

Visitor Type	Proposed Rates	Range for Comparable Activities
<b>Annual Memberships</b>		
Families	\$250	\$50-\$110
Child care business	\$250	\$50-\$110
<b>Day Visitors</b>		
Children	\$10-15	\$3-\$10
Adults	\$10-15	\$5-\$10

The table below shows the expected revenue for three different admission rates, \$10, \$12, and \$15, assuming all tickets are sold at the same rate (i.e. no discount for children, seniors, residents, or students). Based on projected museum visitors, children's museum revenue from daily admission fees would total about \$80,000 to \$120,000 in Year 2 of Family Center operation, the first year the museum is expected to be open, depending on the charged admissions fee. By Year 5, admission fees would total about \$140,000 to \$212,000 depending on which fee structure is implemented.

**Table 12. Annual Museum Admission Revenue (Low, Medium, High Scenarios)**

Entrance Fee	Year 2	Year 3	Year 4	Year 5
\$10	\$ 80,500	\$ 106,000	\$ 121,850	\$ 141,000
\$12	\$ 96,600	\$ 127,300	\$ 146,000	\$ 169,200
\$15	\$120,800	\$159,100	\$182,800	\$212,000

## ANNUAL MEMBERSHIP FEES

Several family attractions in Juneau offer monthly, or annual passes.

**Table 13. Membership Fees for Comparable Children's Activities**

Facility	1-Month Pass			12-Month or Season Pass		
	Child	Adult	Family	Child	Adult	Family
Fairbanks Children's Museum*	-	-	-	-	-	\$175
Rainforest Play Zone**	\$60	-	\$150	-	-	-
Alaska State Museum-Juneau	-	-	-	-	\$40	-
Juneau-Douglas City Museum	-	-	-	-	\$25	\$50
Dimond Park Field House Turf for Tots	\$35	Included with child	-	\$275	Included with child	-
Treadwell Arena Open Skate	-	-	-	\$263	\$315	-
CBJ Swimming Pools	\$20	\$55	-	\$110	\$325	-
Juneau Makerspace	\$25	\$50	\$75	\$275	\$525	\$825
DIPAC	-	-	-	-	-	\$30
The Rock Dump	\$40	\$79	-	-	-	-
Goldbelt Tram	-	-	-	\$65	\$85	\$225

\*Fairbanks Children's Museum has 3-month and 6-month passes, but no monthly passes. The museum offers annual membership passes for 1-2 children at \$175 and for 3+ children at \$210.

\*\* Rainforest Play Zone offers monthly passes for two children for \$102 and three children for \$144.

Membership revenue is projected to remain steady after the museum's opening, generating \$38,900 each year.

**Table 14. Annual Museum Membership Revenue**

Membership Fee	Year 2	Year 3	Year 4	Year 5
\$250	\$38,900	\$38,900	\$38,900	\$38,900

## BIRTHDAY PARTIES

The cost for birthday parties at the museum is expected to be \$250. The museum is expected to host one birthday party per weekend in Year 2, increasing to three parties per weekend in Year 4, generating about \$39,000 in annual revenue.

**Table 15. Annual Museum Birthday Party Revenue**

	Year 2	Year 3	Year 4	Year 5
Museum Birthday Party	\$13,000	\$26,000	\$39,000	\$39,000

**MUSEUM GIFT STORE**

AEYC expects to operate a small gift store within the museum. Due to the relatively high rate of residents visiting the museum, gift store sales per visit are expected to be modest.

**Table 16. Annual Museum Gift Store Revenue**

	Year 2	Year 3	Year 4	Year 5
Museum Gift Store Revenue	\$4,000	\$5,500	\$6,000	\$7,000

**OTHER MUSEUM REVENUE OPPORTUNITIES**

Projected revenue for the children's museum does not account for the possible revenue gained from sponsorships. This represents a significant source of revenue for the Fairbanks Children Museum and could serve to similarly boost the income and overall feasibility of the children's museum.

**TOTAL CHILDREN'S MUSEUM REVENUE**

Bringing together anticipated revenue from daily admissions, memberships, children's birthday parties, and gift store sales, the children's museum is expected to generate about \$150,000 in total revenue in Year 2 of Family Center operations, increasing to over \$250,000 in Year 5.

**Table 17. Children's Museum Total Annual Revenue Projections**

Category	Year 2	Year 3	Year 4	Year 5
Admissions	\$96,600	\$127,300	\$146,000	\$169,200
Memberships	\$38,900	\$38,900	\$38,900	\$38,900
Parties	\$13,000	\$26,000	\$39,000	\$39,000
Gift Shop	\$4,000	\$5,500	\$6,000	\$7,000
<b>Total Children's Museum Revenue</b>	<b>\$152,500</b>	<b>\$197,700</b>	<b>\$230,000</b>	<b>\$254,100</b>

**Events Space**

Event space rental rates vary depending on size, use, and amenities. Meeting rooms at Centennial Hall can be rented for \$150 to \$260 for one to four hours up to \$310 to \$610 for nine to 20 hours. Larger spaces at Centennial Hall run from \$260 to \$3,350, depending on the size of the space.

Glacier Gardens charges \$650 to \$800 for evening events, offering a setting with abundant hanging baskets and flowers. The Juneau Yacht Club includes a large hall, kitchen, deck, and bar for \$1,150.

**Table 18. Juneau Event Facilities and Rental Rates**

Event Space	Square Feet	Maximum Capacity	Rental Costs	Commercial Kitchen Available
Glacier Gardens	N/A	100	\$650-\$800 for 2-4 hours in the evening	No
Juneau Arts and Culture Center (JACC)	4,200	290	Main hall: \$540-\$975 for 1-20 hours; Nonprofit rate for main hall: \$450-\$780 for 1-20 hours	No
Juneau Yacht Club	1,728	343	Entire facility: \$1,150; Main hall, kitchen, deck, BBQ: \$950; Kitchen only: \$300	Yes
Centennial Hall	17,000	1,100	Meeting rooms: \$150-\$610 for 1-20 hours; Lobby: \$260-\$610 for 1-20 hours; 1-3 Ballrooms: \$360-\$3,350 + \$360-\$800 for set-up day; Nonprofit rates available	Yes

Sources: Glacier Gardens, Juneau Arts and Humanities Council, Juneau Yacht Club, and City and Borough of Juneau

The Family Center anticipates charging \$500 for a half day rental, \$1,000 for a full day, and \$250 for kitchen-only rental. Based on projected use, event space rental fees would total \$22,500 in Year 2, the first year the event space is open. Rental revenue would increase to \$35,250 by Year 4 due to a projected increase in the number of rentals.

**Table 19. Event Space Revenue Forecast**

Rental Type	Days	Year 2	Year 3	Year 4	Year 5
Entire event space	Weekends	\$11,700	\$14,625	\$17,550	\$17,550
Entire event space	Weekdays	\$7,800	\$9,360	\$11,700	\$11,700
Kitchen only	All days	\$3,000	\$4,500	\$6,000	\$6,000
<b>Total Event Space Revenue</b>		<b>\$22,500</b>	<b>\$28,485</b>	<b>\$35,250</b>	<b>\$35,250</b>

## Phase 3

This feasibility analysis assumes that Phase 3 project components will be operational in Year 3.

### Housing

All six revenue-generating housing units are expected to be rented at a monthly rate of \$1,400. With eight total units, and six receiving rent payments, total revenue will be \$100,800 annually. If AEYC were to charge the same rent for the additional two units, housing would generate \$134,000 in annual revenue. Both options are shown in the table below.

**Table 20. Rental Housing Income (Low and High Scenarios)**

Monthly Rental Rate	Units Rented	Year 3	Year 4	Year 5
\$1,400	6	\$100,800	\$100,800	\$100,800
\$1,400	8	\$134,400	\$134,400	\$134,400

### Community Gardens

The community gardens will not generate any revenue. Though there will be no charge for use of the garden itself, it is an amenity that may increase the appeal of renting the event space at the center, as guests may use the garden while attending events.

## Operating Revenue Summary

Family Center revenue is expected to increase from \$187,000 in Year 1 to about \$613,000 in Year 5.

**Table 21. Annual Family Center Operating Revenue**

Phase and Project Component	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Phase 1</b>					
Child Care Center	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000
Office Space	\$108,000	\$108,000	\$122,400	\$122,400	\$144,000
Locker Rental Fees	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
Indoor Park	-	-	-	-	-
<b>Phase 2</b>					
Children's Museum	-	\$152,500	\$197,700	\$230,000	\$254,100
Event Space	-	\$22,500	\$28,485	\$35,250	\$35,250
<b>Phase 3</b>					
Housing	-	-	\$100,800	\$100,800	\$100,800
Community Gardens	-	-	-	-	-
<b>Total Annual Operating Revenue</b>	<b>\$187,200</b>	<b>\$362,200</b>	<b>\$528,585</b>	<b>\$567,650</b>	<b>\$613,350</b>

# Operating Costs

The following sections describe operating costs associated with the Family Center facility and additional costs related to specific components of the project.

## Family Center Facility Costs

The costs associated with operating a large facility generally include staff, utilities, insurance, grounds services, and miscellaneous equipment or maintenance.

### Staff

Staff is the largest expense for this facility. All staff cost estimates are based on the current AEYC professional salary schedule, plus benefits and payroll taxes. The Family Center will require two full-time staff: one facility manager and one receptionist/events support staff.

The facility manager's responsibilities include coordinating and communicating with tenants of the building's leased spaces, managing contractors (e.g. snow removal, landscaping, janitorial services), supervising the receptionist, and administrative issues. Based on the 2023-2024 AEYC salary schedule, this position will have salary and benefits totaling \$90,303, with anticipated 2% annual increases.

The receptionist's responsibilities include being physically available to receive guests and being available during events (including nights and weekends) to assist guests with setting up equipment and ensuring rules of renting the space are respected. This position is expected to have salary and benefits of \$57,798, with 2% annual increases.

Both positions will be eligible for AEYC-paid benefits, and AEYC will be required to pay payroll tax for each position. Combined, benefits add 14% in addition to wages.

**Table 22. Family Center Facility Staff Expense**

Role	Year 1	Year 2	Year 3	Year 4	Year 5
Facilities Manager (1 FTE)	\$90,303	\$92,109	\$93,951	\$95,830	\$97,747
Receptionist (1 FTE)	\$57,798	\$58,954	\$60,133	\$61,336	\$62,562
<b>Total Facility Staff Costs</b>	<b>\$148,101</b>	<b>\$151,063</b>	<b>\$154,084</b>	<b>\$157,166</b>	<b>\$160,309</b>

## Utilities

Family Center costs include heat, electricity, water and sewer, refuse, and internet/telephone service for the common spaces and those operated by AEYC. Utility expenses are based on average use for similar buildings and current rates from Alaska Electric Light and Power (AEL&P), GCI, and Alaska Waste.

Tenants of the building's leased space will be responsible for most utilities. This includes heat, electricity, and internet/telephone service. The costs of utilities for these tenants is not provided in the feasibility analysis for the center. AEYC is expected to provide water and sewer for the entire building.

Using a heat pump system, monthly heating costs can be kept lower than if using a traditional heating system. Recent estimates of energy intensity in Southeast Alaska indicate a commercial facility uses 1,000 kWh of electricity per month per 3,000 square feet of space in the summer months (May - September), and 1,6000 kWh of electricity per month per 3,000 square feet of space in the winter months (October - April). Current AEL&P rates are \$0.048 per kWh in the summer and \$0.053 per kWh in the winter.

At 21,720 square feet, the full Family Center without leased spaces will incur electrical costs of \$62,000 annually in Year 2 through Year 5 and \$7,500 for heat during that same period.

Water and sewer charges for the building are charged at an annual flat fee of \$1,762.

Refuse services are also charged at a flat fee. This feasibility study assumes use of a three-yard dumpster with once weekly pickup in Year 1, increasing to twice weekly pickup in Year 3. This will incur an annual flat fee of \$4,789 in Year 1 and 2, and \$7,668 in Years 3 through Year 5.

A wireless internet package for the building is expected to cost \$765 annually. A basic package of IT services for the reception area will total \$2,707 per year.

All utilities paid for by the building's management will total approximately \$83,000 annually once the building is complete.

**Table 23. Annual Family Center Utility Costs**

Utility	Year 1	Year 2	Year 3	Year 4	Year 5
Electricity	\$33,700	\$62,231	\$62,231	\$62,231	\$62,231
Water/Sewer	\$1,762	\$1,762	\$1,762	\$1,762	\$1,762
Refuse	\$4,789	\$4,789	\$7,668	\$7,668	\$7,668
Heat (with Heat Pump)	\$4,077	\$7,528	\$7,528	\$7,528	\$7,528
Internet	\$765	\$765	\$765	\$765	\$765
IT Services	\$2,707	\$2,707	\$2,707	\$2,707	\$2,707
<b>Total Facility Utilities Cost</b>	<b>\$47,798</b>	<b>\$79,781</b>	<b>\$82,661</b>	<b>\$82,661</b>	<b>\$82,661</b>

## Insurance

Property damage and liability insurance coverage will be required to operate the Family Center.

Property insurance for the entire building is standard and covers any damage due to use, weather, major vandalism or theft. Property insurance providers in Juneau estimated this cost at \$45,000 in Year 1. As more of the building opens, property insurance costs will increase to cover the total square footage and will be \$47,500 in Year 2 through Year 5.

Liability insurance covers any accidental injury or death that occurs on the property. This is estimated at \$11,000 per year in Year 1 and is higher than the typical liability insurance for public facilities due to the indoor playground. Liability insurance increases to \$15,000 per year in Year 2 after the opening of the Children's Museum.

Insurance costs are expected to total \$56,000 in Year 1 and increase to \$62,500 in Year 2 due to operation of the Children's Museum and increased square footage of the building.

## Building Maintenance

A new building is not likely to need major repairs or maintenance within the first few years of operation. However, AEYC will want to put aside funds each year in case of major repairs, such as roof replacement, damage from natural events, or general depreciation. This feasibility analysis accounts for \$5,000 per year in building maintenance funds in Years 1 and 2, increasing to \$10,000 per year in Years 3 through 5.

Janitorial services for the common areas of the building will total about \$8,000 in Year 1 and increase with the square footage of the building to \$12,500 annually in Year 2 through Year 5. This assumes an outsourced janitorial service contract, and not a staff janitor.

AEYC will also be responsible for groundskeeping and snow removal for the entire property. Grounds expenses are included as estimates from service providers in Juneau. Snow removal is expected to be required for five months of the year, an average of three times per month. A contract at this level will cost \$26,750 per year for the 20,000 square foot parking lot at the new Family Center.

## Reception and Supplies

The reception area will require some equipment and general office supplies, including a printer. The cost of these supplies is expected to total \$2,050 per year.

## Additional Program Costs

In addition to facility operating costs, many of the Family Center project components impose additional costs. The following sections describe additional costs incurred by each component and which will be paid by AEYC.

### Child Care Center

The child care provider leasing this space will be responsible for having their own child care-specific liability insurance, workers compensation insurance, and janitorial services. Some child care facilities ask staff to contribute to cleaning of the facilities, which may negate the need for a janitorial service contract for this part of the building. Any security equipment, including card-access doors, cameras, or staffing to secure the area, will be the responsibility of the tenant.

### Leased Offices

The office space tenants will similarly be responsible for paying for all utilities for their space, except water and wastewater, which will be provided by AEYC for the entire building. Tenants will need to contract for their own electrical, heat, telephone and internet service, though internet will also be available in the facility's common spaces.

### Indoor Park

The indoor park/playground will be managed by AEYC in this initial period. Similar indoor playgrounds operate with no staff on-site, and adults bringing children assume the risk of potential injury, as with a public park. The costs of operating an indoor playground are minimal, including basic janitorial services each day and maintenance or repair of playground equipment. These tasks can be performed by the janitorial services provider contracted for the entire building, requiring no additional staff for the playground. Depending on where the playground equipment is purchased from, AEYC may benefit from a warranty that allows for all repair and maintenance to be conducted and paid for by the manufacturer.

### Children's Museum

The children's museum will require one full-time staff position for management, two part-time staff positions for programming, and a quarter-time staff position for birthday parties and the art workshop. The staff salary table is below. Salary assumptions are based on the current AEYC salary schedule, plus 14% for benefits and payroll tax, and a 2% salary increase per year.

**Table 24. Annual Children's Museum Staff Expense**

Role	Year 2	Year 3	Year 4	Year 5
Manager (1 FTE)*	--	--	--	--
Assistant Staff (0.5 FTE)	\$28,899	\$29,477	\$30,067	\$30,668
Assistant Staff (0.5 FTE)	\$28,899	\$29,477	\$30,067	\$30,668
Part-Time Event Staff (.25 FTE)	\$12,675	\$12,929	\$12,929	\$12,929
<b>Total Children's Museum Staff Costs</b>	<b>\$70,473</b>	<b>\$71,882</b>	<b>\$73,062</b>	<b>\$74,264</b>

\*Based on AEYC analysis, a current member of staff will take on this role with no additional salary requirements

## Events Space

The on-site receptionist for the full facility will be responsible for booking events and being on-site to assist with the set-up for customers before events. The event space will be equipped with basic needs for party hosts (e.g. serving utensils, AV equipment), minor damage and loss are expected. Replacement and repair for these items will likely cost about \$1,500 annually.

## Housing

This feasibility study assumes that AEYC will not pay for the utilities for tenants except for water and sewer service. This model includes cost estimates for electricity, heat (with a heat pump in the building), for the common areas only, and water and sewer costs for all units. Refuse services, janitorial services, and snow removal will be provided by AEYC as part of management of the larger facility. AEYC will also pay for major maintenance, such as gutter cleaning, outside repairs, or large appliance repairs.

Costs for maintaining the common space in the eight-unit building will average \$1,066 in annual electricity costs, \$129 annually in heating costs with a heat pump in the building, and \$950 annually in water and wastewater costs. Landlord insurance is estimated at \$180 per unit per month, which totals \$17,280 annually. Janitorial services for the common areas will be \$275 per year, using the same contracted services as the main building.

As with the main Family Center, this feasibility analysis accounts for an additional \$5,000 per year in building maintenance funds related to the housing units. Annual costs to manage the building will total \$24,700.

**Table 25. Annual Housing Management Expense for Common Areas**

Cost	Annual Cost
Electricity	\$1,066
Heat (with Heat Pump)	\$129
Water/Sewer	\$950
Landlord Insurance	\$17,280
Janitorial	\$275
Building maintenance	\$5,000
<b>Total Housing Costs</b>	<b>\$24,700</b>

## Community Gardens

The community garden will be available as a learning space for children in the child care center, a learning lab for Master Gardeners in the community, and a quiet place for users of the facility to enjoy. Individual plots will not be made available to lease by residents, as is common in other community gardens, but some volunteer labor is expected to assist in keeping the grounds and gardens usable and pleasant

Costs and labor associated with the upkeep of a community garden vary by size and type of garden, whether the flora is seasonal or year-round, annual or perennial, and the type of additional amenities (e.g. paving stones, water fountains) that are included. Master Gardeners using the community garden as a learning lab may take on the bulk of the maintenance tasks, or some of these tasks may be shared between gardeners and other facility staff. These tasks include spring/fall soil tilling; maintaining the water source and accessories like hoses and hook-ups; addressing vandalism and theft; delivering compost, mulch, soil and fertilizer; equipment repair; and completing work requests submitted by gardeners. Planting, weeding, and culling will be done by those using the gardens for educational purposes.

If the garden is only available seasonally, from April to October, most of these costs will only apply during the months of operation. However, some maintenance projects, particularly for larger features, could take place in the off season, and issues such as vandalism and theft will have to be addressed as they occur.

**Table 26. Annual Community Garden Expense**

Cost	Annual Cost
Gardening services	\$7,200
Supplies	\$200
Equipment	\$100
<b>Total Community Garden Costs</b>	<b>\$7,500</b>

About 4-6 hours per week of gardening will likely be required to maintain the Community Garden. The first and last weeks of the season will likely require longer hours due to clean-up projects and preparation work. If gardening services are not performed by staff or volunteers, the cost of this maintenance is expected to be about \$7,200 each year.

Miscellaneous additional expenses for gardening equipment, such as rakes, trowels, and watering cans, as well as supplies like soil, seeds, and fertilizers are expected to cost about \$300 per year.

## Operating Cost Summary

Combined, operating costs for the Family Center building and each component are expected to increase from just under \$300,000 in Year 1 to \$465,000 in Year 5 as the building size increases and additional costs are incurred for specific project components.

**Table 27. Annual Family Center Operating Cost, by Phase and Component**

Phase and Project Component	Year 1	Year 2	Year 3	Year 4	Year 5
Phase 1					
Facility Staff					
Facility Manager	\$90,303	\$92,109	\$93,951	\$95,830	\$97,747
Receptionist / Events Helper	\$57,798	\$58,954	\$60,133	\$61,336	\$62,562
Utility Costs					
Electricity	\$33,700	\$62,231	\$62,231	\$62,231	\$62,231
Heat	\$1,762	\$1,762	\$1,762	\$1,762	\$1,762
Water and Sewer	\$4,789	\$4,789	\$7,668	\$7,668	\$7,668
Refuse	\$4,077	\$7,528	\$7,528	\$7,528	\$7,528
Internet Package	\$765	\$765	\$765	\$765	\$765
IT Service	\$2,707	\$2,707	\$2,707	\$2,707	\$2,707
Insurance	\$56,000	\$62,500	\$62,500	\$62,500	\$62,500
Building Maintenance					
Janitorial Service	\$8,344	\$12,516	\$12,516	\$12,516	\$12,516
Grounds Maintenance and Snow Removal	\$26,750	\$26,750	\$26,750	\$26,750	\$26,750
Building Maintenance and Repair Fund	\$5,000	\$5,000	\$10,000	\$10,000	\$10,000
Supplies and Other Costs	\$2,050	\$2,050	\$2,050	\$2,050	\$2,050
Phase 2					
Children's Museum	-	\$70,473	\$71,882	\$73,062	\$74,264
Event Space	-	\$1,500	\$1,500	\$1,500	\$1,500
Phase 3					
Housing	-	-	\$24,700	\$24,700	\$24,700
Community Gardens	-	-	\$7,500	\$7,500	\$7,500
<b>Total Annual Operating Costs</b>	<b>\$294,043</b>	<b>\$411,633</b>	<b>\$456,143</b>	<b>\$460,403</b>	<b>\$464,749</b>

# Feasibility Analysis

The following table shows the annual operating revenue, costs, and profit/loss of the Family Center in Years 1-5. Several assumptions have a significant impact on this analysis: The child care center will be rented to a third-party at \$6,000 per month, and AEYC assumes no costs associated with the space. The office space is rented for \$2.00 per square foot, and AEYC assumes no associated costs. Children's Museum revenue is based on an entrance fee of \$12 per person and membership fees of \$250 per year. Six of the eight housing units are rented for \$1,400 per month, and AEYC assumes all groundskeeping costs, some utility costs for common areas, and landlord insurance. Staff includes one full-time building manager, one full-time receptionist, and three staff for the children's museum (two part-time and one quarter-time).

## Scenario 1: Base Case Scenario

Under these assumptions, the AEYC Family Center will operate at a loss (higher costs compared to revenue) in the first two operating years. The Family Center is expected to become profitable in Year 3, with profits increasing to about \$150,000 by Year 5.

**Table 28. AEYC Family Center Feasibility Analysis, Base Case Scenario**

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	<i>Phase 1</i>	<i>Phase 2</i>	<i>Phase 3</i>	<i>Fully Operational</i>	
Child Care Center	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000
Office Space	\$108,000	\$108,000	\$122,400	\$122,400	\$144,000
Locker Rental	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
Children's Museum	-	\$152,500	\$197,700	\$230,000	\$254,100
Events	-	\$22,500	\$28,485	\$35,250	\$35,250
Housing	-	-	\$100,800	\$100,800	\$100,800
<b>Total Revenue</b>	<b>\$187,200</b>	<b>\$362,200</b>	<b>\$528,585</b>	<b>\$567,650</b>	<b>\$613,350</b>
Costs					
Staff	\$148,101	\$221,536	\$225,966	\$230,227	\$234,573
Janitorial/Grounds	\$42,144	\$46,316	\$58,816	\$58,816	\$58,816
Insurance	\$56,000	\$62,500	\$62,500	\$62,500	\$62,500
Utilities	\$47,798	\$79,780	\$82,661	\$82,661	\$82,661
Housing Management	-	-	\$24,700	\$24,700	\$24,700
Equipment	-	\$1,500	\$1,500	\$1,500	\$1,500
<b>Total Costs</b>	<b>\$294,043</b>	<b>\$411,633</b>	<b>\$456,143</b>	<b>\$460,403</b>	<b>\$464,749</b>
<b>Profit/Loss</b>	<b>-\$106,843</b>	<b>-\$49,433</b>	<b>\$72,442</b>	<b>\$107,247</b>	<b>\$148,600</b>

The ability to modify profits depends almost entirely on capturing increased revenue, as costs modeled here are conservative and likely fixed. Several scenarios are provided below to demonstrate ways in which operating revenue can be increased.

## Scenario 2: Rent All Eight Housing Units

Scenario 2 involves increasing rental income and charging rent for the additional two units of staff housing. Renting all eight units would increase profit in Years 3-5 but would not impact Years 1 and 2 given timing of housing development.

**Table 29. Feasibility Scenario: Increased Housing Rental Revenue**

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	<i>Phase 1</i>	<i>Phase 2</i>	<i>Phase 3</i>	<i>Fully Operational</i>	
Child Care Center	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000
Office Space	\$108,000	\$108,000	\$122,400	\$122,400	\$144,000
Locker Rental	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
Children's Museum	-	\$152,500	\$197,700	\$230,000	\$254,100
Events		\$22,500	\$28,485	\$35,250	\$35,250
Housing	-	-	\$134,400	\$134,400	\$134,400
<b>Total Revenue</b>	<b>\$187,200</b>	<b>\$362,200</b>	<b>\$562,545</b>	<b>\$601,250</b>	<b>\$646,950</b>
Costs					
<b>Total Costs</b>	<b>\$294,043</b>	<b>\$411,633</b>	<b>\$456,143</b>	<b>\$460,403</b>	<b>\$464,749</b>
<b>Profit/Loss</b>	<b>-\$106,843</b>	<b>-\$49,433</b>	<b>\$106,402</b>	<b>\$140,847</b>	<b>\$182,200</b>

## Scenario 3: Increase Museum Admission Fee

Scenario 3 considers Family Center feasibility if children's museum entrance fees were increased to \$15 per person. Assuming this does not change total visitation, higher entrance fees would decrease the magnitude of loss in Year 2 and increase profit in the next several operating years.

**Table 30. Feasibility Scenario: Increased Museum Entrance Fees**

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	<i>Phase 1</i>	<i>Phase 2</i>	<i>Phase 3</i>	<i>Fully Operational</i>	
Child Care Center	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000
Office Space	\$108,000	\$108,000	\$122,400	\$122,400	\$144,000
Locker Rental	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
Children's Museum	-	\$176,700	\$229,500	\$266,700	\$296,900
Events	-	\$22,500	\$28,485	\$35,250	\$35,250
Housing	-	-	\$100,800	\$100,800	\$100,800
<b>Total Revenue</b>	<b>\$187,200</b>	<b>\$386,400</b>	<b>\$560,385</b>	<b>\$604,350</b>	<b>\$656,150</b>
Costs					
<b>Total Costs</b>	<b>\$294,043</b>	<b>\$411,633</b>	<b>\$456,143</b>	<b>\$460,403</b>	<b>\$464,749</b>
<b>Profit/Loss</b>	<b>-\$106,843</b>	<b>-\$25,233</b>	<b>\$104,242</b>	<b>\$143,947</b>	<b>\$191,401</b>

## Scenario 4: Increase Commercial Office Rent

Scenario 4 considers feasibility if office space rent was increased from \$2.00 per square foot to \$2.30 per square foot. While this would reduce the magnitude of operating loss in Years 1 and 2, increase rates may have a significant impact on the ability of preferred tenants to lease space.

**Table 31. Feasibility Scenario: Increased Office Space Rental Rate**

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	<i>Phase 1</i>	<i>Phase 2</i>	<i>Phase 3</i>	<i>Fully Operational</i>	
Child Care Center	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000
Office Space	\$124,200	\$124,200	\$140,760	\$140,760	\$165,600
Locker Rental	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
Children's Museum	-	\$152,500	\$197,700	\$230,000	\$254,100
Events		\$22,500	\$28,485	\$35,250	\$35,250
Housing	-	-	\$100,800	\$100,800	\$100,800
<b>Total Revenue</b>	<b>\$203,400</b>	<b>\$378,400</b>	<b>\$546,945</b>	<b>\$586,010</b>	<b>\$634,950</b>
Costs					
<b>Total Costs</b>	<b>\$294,043</b>	<b>\$411,633</b>	<b>\$456,143</b>	<b>\$460,403</b>	<b>\$464,749</b>
<b>Profit/Loss</b>	<b>-\$90,643</b>	<b>-\$33,233</b>	<b>\$90,802</b>	<b>\$125,607</b>	<b>\$170,201</b>

# Risks and Considerations

Ensuring that the AEYC Family Center generates a profit will require careful management of the facility's revenue-generating spaces and cost factors, as described below.

## Revenue

Offering attractive rental rates for the child care center, office space, and housing will be important to maximizing occupancy of these components of the Family Center. By offering an enticing rental rate (\$2.00/square foot for commercial space, and \$1,400 per month for one-bedroom apartments), AEYC is likely to attract full-time tenants. However, with a preference for social service agencies to occupy the building, some would-be tenants may be unable to move into the new office space. Reasons for this include the inability to break an existing lease agreement, lack of funds to cover the cost of the AEYC space (especially true for organizations that may be receiving office space as an in-kind donation), or a lack of interest in being co-located with other organizations in the social services sector. Securing tenant contracts (or intent to lease agreements) before beginning construction of such a large commercial space would help ensure this important revenue source.

Additional revenue risks are tied to Children's Museum visitation. This feasibility analysis assumes a high rate of visitation (75%) from resident children who will visit the museum three times per year. An assumption that 10% of resident families with small children will purchase annual memberships also contributes to revenue. Visitation below this level would negatively impact overall Family Center financial feasibility. Further, birthday parties are expected to bring in \$10,000 to \$40,000 of revenue each year. Booking birthday parties at this rate will require a dedicated marketing strategy and, by Year 5, require three birthday parties to be held each weekend, totaling more than 150 birthday parties per year.

Opportunity exists to increase revenue through grants and fundraising initiatives. As an example, the Fairbanks Children's Museum generated almost \$400,000 in public support revenue in 2024, a combination of individual donations, corporate sponsorships, and grant funding. If public support for the children's museum in Juneau could generate a fraction of that level of funding, it would significantly impact the overall feasibility of the facility.

Bookings in the event space and commercial kitchen will also affect overall facility revenue. AEYC should consider a marketing plan to ensure that Juneau residents, organizations, businesses, and event planners know about the space, its amenities, and rental pricing. While there are other event spaces in Juneau, inclusion of an on-site kitchen and the community gardens in the summer will add to the appeal of booking the AEYC space.

## Costs

This feasibility analysis assumes a bare minimum staffing model, with two full-time staff (or equivalents) managing the overall facility and 2.25 full-time equivalent staff managing the Children's Museum. AEYC may determine that this level of staff is insufficient based on occupancy and the needs of tenants, particularly the museum. As a comparison, the Fairbanks Children's Museum typically has six staff members working in the facility at any given time. If visitation numbers are high - or higher than expected - more staff at the museum may be necessary.

Costs of utilities, particularly electric and heat, can be volatile. A large building requires a significant amount of heating in the winter months, and unexpectedly cold weather can cause heating costs to balloon. AEYC should consider keeping a reserve account, along with the maintenance and repair fund, to prepare for surprise utility costs.

Insurance costs are another important consideration for this project. Because the building will house an indoor park opening in Year 1, liability insurance is higher than it would be for typical buildings of this size to account for potential injuries that can happen in such parks. From Year 2 on, the opening of the Children's Museum adds further liability and increases insurance costs commensurately. A possible consideration for AEYC is to lease out these spaces to a third-party operator, generating rent from the leases and reducing overall liability for the organization.

# Appendix: Interview Contacts and Data Sources

## **Alaska Electric Light & Power**

**Alaska Waste Southeast**, Kaylee Day, Customer Service Representative

**City and Borough of Juneau**, Parks & Recreation Department, Colby Shibler, Parks & Landscape Supervisor

**Davies-Barry Insurance**, Toi Gile, Account Executive

**Dimond Park Field House**, Ana Corcoran, Facility Manager

**Fairbanks Children's Museum**, Meredith Maple, Executive Director

**Girl Scouts of America**, Jenni Pollard, CEO

**Glacier Gardens**, Melissa Bowhay, General Manager

**HUB International**, Clayton McCaul, Account Executive

**JAMHI Family**, Gene Yates, Family Caseworker and former AEYC Board Member

**Jennifer Black Consulting**, Jennifer Black, Owner

**JRE Real Estate**, Steve Schick, Broker/Owner

**Kin Support**, Holly Handler, Co-Director

**Mendenhall Contracting**, Chris Luhan, Owner

**Mount Jumbo Gym**, David Pusich, Recreation Supervisor

**Municipality of Anchorage**, Marcus Rand, Administrative Parks Coordinator

**Princess Cruises**, Kirby Day, Director of Shore Operations

**Sunny Slope Farm**, Danielle Brown-Farrell, Owner

**The Carlton Smith Company**, Carlton Smith, Owner/Realtor

**thread**, Stephanie Berglund, Chief Executive Officer

**University of Alaska Southeast, Cooperative Extension**, Darren Snyder, Director

**Virgin Voyages**, Brianna Freeman, Senior Product Development Lead, Shore Excursions

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