

**ASSEMBLY FINANCE COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Wednesday, November 9, 2016, 5:30 PM.
Assembly Chambers**

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

- a. Thursday, August 11, 2016
- b. Thursday, September 8, 2016

IV. ITEMS FOR DISCUSSION

- a. Renninger Housing Development - Public Private Partnership Option
- b. FY17 Juneau School District Budget Update
- c. FY18/19 Budget Process Update
- d. FY17 Budget Supplemental Documents

V. INFORMATION ITEMS

- a. Sales Tax Delinquency Summary

VI. NEXT MEETING DATE

- a. Wednesday, December 14, 2016 @ 6:00 PM

VII. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape containing the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org

DRAFT
City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Thursday, August 11, 2016, 5:30 PM

I. Call to Order

The meeting was called to order at 5:30 PM by Jerry Nankervis, Chair.

II. Roll Call

Committee Members Present: Ken Koelsch, Debbie White, Mary Becker, Jerry Nankervis, Maria Gladziszewski, Kate Troll, Jamie Lynn Bursell, and Loren Jones.

Committee Members Participating Telephonically: Jesse Kiehl.

Committee Members Absent: None.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Rob Steedle, CDD Director; Robert Barr, Juneau Public Library Director; Kirk Duncan, Parks & Rec Director; Robert Healy, PE, Engineering Director; Lauri Sika, City Clerk; Jessica Paskowski, Juneau Police Administrative Officer; Jean Hodges, Acting Controller; Elisabeth Jensen, Budget Analyst; Dr. Mark Miller, Superintendent, Juneau School District; and Matt Lillard, Ski Manager, Eaglecrest.

III. Approval of Minutes

The May 11, 2016 minutes were approved as corrected.

IV. Manager's Budget Message

Rorie Watt paraphrased the main pieces of his memo dated August 11, 2016.

- 1.) Politely and firmly, we need to restate to the State our dissatisfaction with the lack of a fiscal plan. It is really important to Juneau, and the other Alaska communities, that the State solve their fiscal issues in a way that gives us predictability. We need that so we can build our own fiscal plan, and do the best we can with our resources for our community. Finding out late in our budget process, or after we've updated our budget, doesn't allow us to do that. It is really incumbent on the Governor and the Legislature to provide a complete Fiscal Plan.
- 2.) I want to communicate to the Juneau Public, that we are in a relatively good position because we have saved. This Assembly and staff, and prior Assemblies and staff have worked hard on our budgets and we have saved money for tough times. Even though we have a negative hit to our budget of \$4.5M, we have savings, and can use that to provide a smooth transition. It is our duty to set the stage so that we don't affect our economy any more than necessary. Our task is to determine how we use our reserves to manage our situation and transition to what are probably going to be smaller municipal budgets. We have the resources to make good decisions.

Minutes - Assembly Finance Committee Meeting

Thursday, August 11, 2016, 5:30 p.m.

- 3.) Economic Realism Message – We are not going to be able to hold on to everything. We are going to make tough decisions. We are probably going to do a few, fewer things than we currently do. The process we are rolling out tonight is our approach to a careful and thoughtful process on how to decide what is important to us and what we can afford.

V. CBJ Operating Budget Issue Paper Financial Update

Bob Bartholomew provided a high level update since the AFC last met in May, 2016, and the FY17/18 Budget Adoption on May 23, 2016.

On May 23, 2016, our FY17 Budget was adopted, and FY18 was adopted as a placeholder budget drawing \$1.2M from Fund Balance, that we felt was sustainable. Staff recommended returning to the AFC in the interim, based on any impact from the State.

Handout – Outlines FY14 – FY17 General Government – Operating Budget Reductions

Bob Bartholomew discussed pages 12 of the packet.

Jones: I thought there was already \$800K loss to Sales Tax in the Budget. Is this additional?

Bartholomew: We did project the loss of dividend/sales tax revenue in FY18. We did not project for that loss in FY17 so the estimated shortfall was added in.

Jones: Are most recent Sales Tax figures in line with projections?

Bartholomew: I got an update today. We are almost dead on to the FY16 budget. We are seeing about a 2% increase from FY15 to FY16.

We forecasted that increase for two reasons: 1.) The change in the exemptions 2.) A 2% growth in tourism. We are actually seeing a higher growth in tourism.

Nankervis: On page 12 of the packet, looking at the figures in parenthesis, or shortfalls, did we have those figures when we adopted the budget?

Bartholomew: No, it all happened in June, 2016, after the budget was adopted. Definitely, School Debt Reimbursement was unexpected.

Troll: I heard breaking news that Senator Bill Wielechowski is challenging the Governor's PFD veto. Are you aware of this? Is the whole loss of the PFD still a moving target? Or for purposes of our budget should we lock in on this \$1.0M loss?

Bartholomew: I am not aware of this news. We can make decisions tonight, without implementing them for several months and adjust if we secure extra revenue.

Jones: School Debt Retirement – We have to pay that bill. Pupil School Funding, \$212,000 – Can we make that up to the School District, or does it affect the cap at all, or change the cap?

Minutes - Assembly Finance Committee Meeting

Thursday, August 11, 2016, 5:30 p.m.

Bartholomew: The Debt reimbursement is really a General Government obligation, and we are going to follow through with that. I still think the State should follow through with their commitment. My understanding is that the vetoes do not change that we have funded to the cap. So the \$212,000 vetoed funds cannot be replaced by CBJ. As far as Pupil Transportation, we have funded some of that outside of the Cap in the past, so that is a Finance Committee decision.

Jones: Do we have the legal ability to cover the Pupil Transportation, \$248K?

Nankervis: Have you checked with the Law Department?

Bartholomew: No.

Superintendent Dr. Mark Miller: Pupil Transportation can be covered outside the cap. The Formulas did not change. Our reserve is almost exactly what the total of those numbers together, so we'd be down to zero if they aren't funded.

Gladziszewski: Looking at the CBJ handout the Manager prepared, would JSD prepare a similar document covering the last five years?

Miller: Yes.

Bursell: Regarding High School Transport, can students choose which school they go to?

Miller: Yes, that is still happening. There aren't that many buses. We'd have to study that.

Mayor Koelsch: In the letter from David Means to Bob Bartholomew, dated 8/2/16, it says, "At this time the District anticipates using fund balance to cover the two reductions..." What happened between the 2nd and the 11th?

Miller: We can still do that, but there will be no fund balance left. The flexibility to cover emergency situations goes away.

White: Are there examples from the past when you had to dip into reserves?

Miller: Special needs students. I'd have to check with Mr. Means.

Bartholomew: Coming into FY17, I show there was a fund balance coming in, but I'd need to check with Mr. Means because General Education looks like it was closer to \$1.5M.

Miller: That fails to account for the personnel costs of about \$1.0M from contract negotiations since budget adoption.

Gladziszewski: You have \$1.5M, but you used \$1.0M for salary increases?

Miller: We submitted the budget in March – assuming no increases at all. Negotiations occurred later.

Gladziszewski: Why isn't \$1.0M on the list?

Miller: Those are cap dollars, that we can't ask you for and we are still estimating the impact.

The meeting recessed at 6:16 PM.

The meeting reconvened at 6:24 PM.

Chair Nankervis recognized Special Guests in the audience:

Minutes - Assembly Finance Committee Meeting

Thursday, August 11, 2016, 5:30 p.m.

Linda from Oregon; Tracy and Erlene from Idaho.

Available Fund Balance

Bob Bartholomew presented page 13 of the packet and responded to questions about funding for Housing First.

Chair Nankervis and the body requested an update on Housing First at the upcoming AFC meeting in September, 2016.

Budget Reserve Balance & Guidelines

Bob Bartholomew discussed pages 14 – 16 of the packet.

Nankervis: As a refresher, what is the purpose of the Reserve?

Bartholomew: It is like a two-month cash-flow.

Nankervis: What is that number?

Bartholomew: Our current estimate is \$16.5M. We recalculate each year based on what the resolution 2629 requires.

Mayor Koelsch: Is FY17 already in the budget reserve?

Bartholomew: No, that comes in throughout the year. Basically, 1/12th of it comes in each month.

Jones: Is that based on the 1% sales tax?

Bartholomew: Yes, that is correct.

VI. Funding Options FY17

Bob Bartholomew discussed pages 17 – 19 of the packet, and outlined the budget deficit funding options for FY17.

Nankervis: What is the “payback plan” as referenced in item 3 of FY17 on page 19 of the packet?

Bartholomew: We are currently considering two options. The first option will be to ask both the Governor and the Legislature to fund this, with the State paying the tab for both FY17 and FY18. If this isn’t successful, the second option will be to use available fund balance. So instead of drawing \$86K in fund balance, we’d increase that by an additional \$3.1M.

Nankervis: Rather than throwing out a bunch of ideas tonight, my thought is that we have until October to figure out a way to cover the School Debt Reimbursement. Between now and then, let’s come up with ideas, and bring those to Mr. Watt and/or Mr. Bartholomew so we can start a list of all of the ideas and review them at future meetings. I think it is also in our best interest for Mr. Bartholomew and Mr. Means to work together and firm up the school numbers. Is this approach amiable to the members tonight?

Minutes - Assembly Finance Committee Meeting

Thursday, August 11, 2016, 5:30 p.m.

Gladziszewski: I agree

Troll: I think you are heading in the right direction. I also think we could look at using the \$696K (on line 5 of page 19 of the packet). That is an easy one for me. I'd like to ask staff to find \$500K in efficiencies.

Bursell: I agree with making the list, but we won't know about the School District until December.

Jones: I don't have a problem with the proposal. One caution is that some people's "Crystal Ball" says the Governor's Operating Budget in December is going to look horrible, even worst case scenario. If we were to use the budget reserve as a one-time only, do we violate the budget reserve clause of one time only because this may no longer be a one-time item?

Bartholomew: It is a new event so I think it'd qualify. But I don't think staff would bring forward that recommendation. Mayor: I don't want to put ourselves in a position that we can't go back and adjust. I don't want to go beyond the \$696K tonight.

Kiehl: I concur with the process the Chair has laid out.

White: These are big decisions. I wouldn't want to rush into anything. I agree with the Mayor, I am ok with the \$696K tonight.

Becker: I'm fine with the process. Is it helpful to move the \$696K now?

Bartholomew: It makes sense.

Mary Becker, moved to approve the FY17 Property Tax Revenues initially allocated to CIP and put it into the budget.

Mary Becker WITHDREW the motion.

Bartholomew: Without direction we'd put it in General Fund, but if for debt service, we'd place it in the debt service fund. We don't need to make the decision tonight to move the \$696K.

Gladziszewski: What is the advantage of moving the \$696K now?

Bartholomew: Nothing needs to be done from our perspective tonight that can't wait until the AFC meeting in September.

Gladziszewski: I assume there are hundreds of communities across Alaska in this same situation. Why aren't we hearing news of other communities across Alaska suffering from the impacts of the School Bond Veto by the Governor?

Watt: Not all communities have this problem. Communities get their school projects paid different ways. It is the larger communities that participate in the program we participate in. Across the State, this hit was about \$31M. Anchorage, Mat-su, Fairbanks, Ketchikan were among the other communities that also took this hit. We need to stress that this hurt us a lot and \$31M does not go very far towards the \$3.5 billion problem.

Gladziszewski: Where is the effort from these communities?

Bartholomew: We will be meeting with Alaska Municipal League (AML) next week and will be discussing this issue. AML is looking to develop a plan.

Mayor Koelsch: I'd like to reiterate that we sent a letter and met with our delegation, and had hoped that they'd come up with a solution in a lame duck session, but I don't think that

Minutes - Assembly Finance Committee Meeting

Thursday, August 11, 2016, 5:30 p.m.

will happen. It is necessary that we work with the other communities to keep this on the front burner.

Troll: I'd like to hear back from the AML regarding their work on this issue.

VII. FY18 & 19 Budget Planning Process

Mila Cosgrove provided a proposal (page 20 – 21 of the meeting packet) to realign / rebalance the organization in a fiscally prudent manner to meet the needs of the community on a long term basis.

Through a program service inventory process at a very high level, the proposal would include looking for efficiencies and a process of program service inventory, determining associated costs, and mandates. With the AFC's approval, staff would move forward with this process.

The AFC body embraced the concept, and Ms. Cosgrove said she'd provide an update at the AFC meeting in September.

VIII. Next Meeting Date

Wednesday, September 7, 2016

IX. Adjournment

Meeting was adjourned at 7:30 PM.

DRAFT
City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Thursday, September 8, 2016, 5:30 p.m.

I. Call to Order

The meeting was called to order at 5:30 PM by Jerry Nankervis, Chair.

II. Roll Call

Committee Members Present: Mayor Ken Koelsch, Mary Becker, Jesse Kiehl, Debbie White, Jerry Nankervis, Maria Gladziszewski, Kate Troll, and Jamie Lynn Bursell.

Committee Members Participating Telephonically: Loren Jones.

Committee Members Absent: None.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Rob Steedle, CDD Director; Jean Hodges, Acting Controller; and Elisabeth Jensen, Budget Analyst.

Others Present: Dr. Mark Miller, Superintendent, Juneau School District; David Means, Director of Administration, Juneau School District; and Mariya Lovishchuk, Executive Director, Glory Hole.

III. Changes to the Order of the Day

Move item VI. Downtown Business Association – Main Street Funding Request, forward in the agenda to item V., thus proceeding original item V. FY18/19 Budget Process Update.

Without objection.

IV. Housing First Update

Mariya Lovishchuk, Executive Director, Glory Hole provided an overview of the funding that the Housing First Project has received to date. The total funding needed for the project is \$7,061,811. Currently Housing First is pursuing several grants, and hopes to hear more in the coming days and weeks. The current completion date for the project is Mid-May, 2017.

In response to an inquiry from Loren Jones, Bob Bartholomew stated that the project is currently \$1.3m short from their goal, which is \$800k in addition to what we had taken out of the available fund balance. For planning purposes, our exposure is another \$800k out of the \$12m available in fund balance. We should know in two to four months if that money will be needed or not.

V. FY17 Budget Action

A. Options to Balance FY17 Budget

Bob Bartholomew provided a recap of the current FY17 budget situation. There is currently a shortfall of \$4.8m for FY17 that needs to be addressed.

Management proposes funding options as seen on page 3 of the packet.

Minutes - Assembly Finance Committee Meeting

Thursday, September 8, 2016, 5:30 p.m.

The body discussed a number of funding options including ideas to use CAMHU CIP funds, the Reserve Fund, etc.

B. Juneau School District Fund Balance

Bob Bartholomew discussed the Juneau School District's Projected Fund Balances as of June 30, 2017, as seen on page 4 of the packet.

Gladyszewski: Do you mean we could legally provide funding to JSD?

Bartholomew:

David Means, Director of Administration, Juneau School District responded to questions from the Committee.

Nankervis: When will the student count numbers be provided from the state?

Means: The end of October, 2016.

Jones: Was the Governor's \$200k veto from a formula based on a percentage based on student counts?

Means: The Governor did not change the funding formulas. What the Governor did was change the amount that was available to the schools state-wide. He simply reduced the total amount of money available, and the availability of funds will be prorated by school.

Jones: If in fact we have enough students, is that money available or would a supplemental appropriation be needed?

Jones: So the \$1.4 is a guestimate

Kiehl: I disagree. The Governor's veto was full funding minus \$600m. So no supplemental is needed. We really need to hit the October student count.

Troll: Mr. Means, will you confirm that you have enough money to make it through until the student counts come in?

Means: Yes, that is correct.

C. BRH Letter

Bob Bartholomew briefly turned the Committee's attention to the Resolution of Bartlett Regional Hospital on page 5 of the packet.

Ultimately, Mayor Koelsch reminded the body that during the FY17/18 Budget discussions, that the \$696,000 had been set aside in the CBJ Facility Infrastructure Deferred Maintenance CIP, in the event that there was a loss of funding from the State. In fact the budget was hit by the State. The funding wasn't necessarily for maintenance unless we didn't get hit by the State. He went on to say that the body compromised on the 10.66 mil rate, and suggested the \$696,000 be used to balance the budget now.

Minutes - Assembly Finance Committee Meeting

Thursday, September 8, 2016, 5:30 p.m.

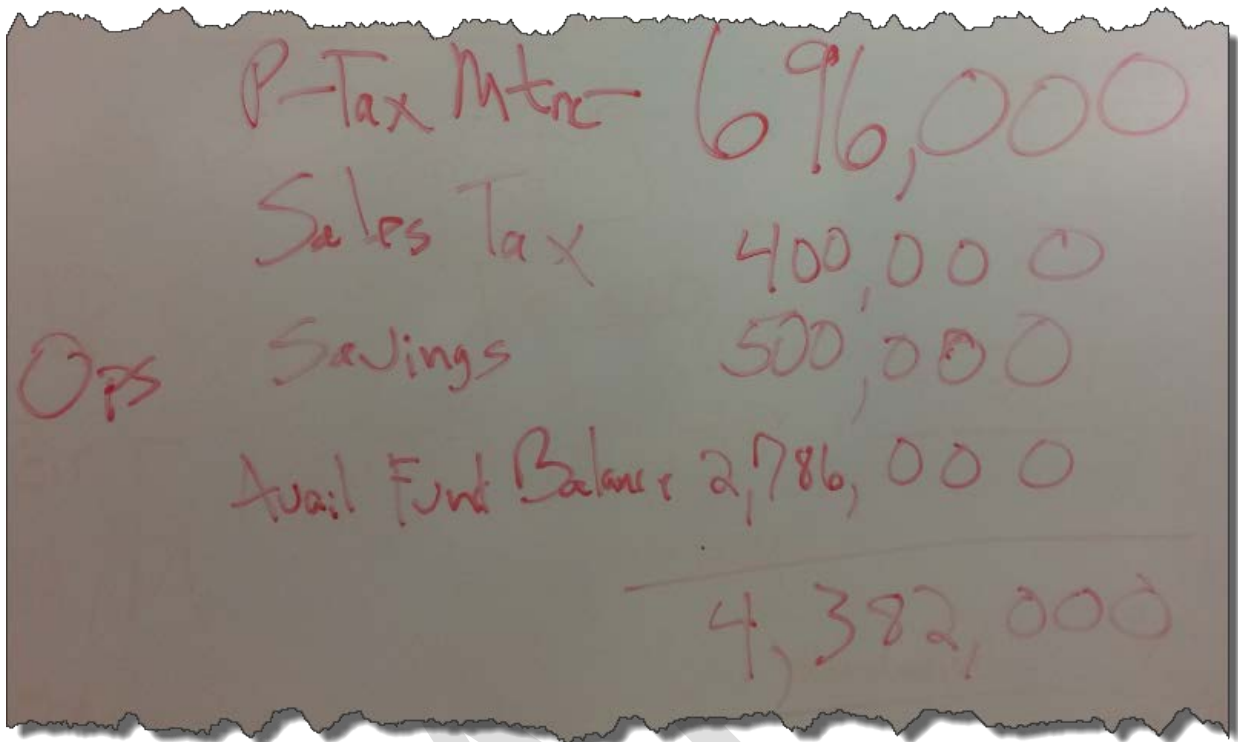


Figure 1. At the request of Mayor Koelsch, City Manager Rorie Watt wrote the AFC's formula for balancing the budget on the white-board for clarification.

Mayor Koelsch, moved to balance the FY17 budget deficit with funding provided as follows:

| | |
|---------------------------------------|--------------------|
| Property Tax Deferred Maintenance CIP | \$696,000 |
| Sales Tax | \$400,000 |
| Operating Savings | \$500,000 |
| <u>Available Fund Balance</u> | <u>\$2,786,000</u> |
| Total | \$4,382,000 |

Without objection.

Decisions on school district funding were deferred until more accurate enrollment counts are available.

The meeting recessed at 6:41 PM.

The meeting reconvened at 6:50 PM

VI. Downtown Business Association – Main Street Funding Request - \$4,500

Bob Bartholomew provided an overview of the potential budget mechanism to provide funding from the Better Capital City budget within the Mayor and Assembly's FY17 Budget.

Loren Jones spoke to his letter found on page 16 of the packet and introduced Jill Ramiel, President, Downtown Business Association to provide further details.

Minutes - Assembly Finance Committee Meeting Thursday, September 8, 2016, 5:30 p.m.

Ms. Ramiel provided further information on the public meeting to be held on November 1, 2016 and addressed questions from the body.

Mr. Nankervis requested that the Assembly be invited to attend the Main Street meetings.

Maria Gladziszewski, moved funding of \$4,500 from the FY17 Better Capital City budget, towards the Downtown Business Association (DBA) for the Better Main Street USA program.

Without objection.

VII. FY18/19 Budget Process Update

Bob Bartholomew provided an overview of page 6 of the packet. The current approach is to address less revenue in the future is to make sustainable reductions, as necessary, over the next several years.

Mila Cosgrove, Deputy City Manager, provided a high level overview of the process shown on pages 7 – 14 of the packet. She said that we are looking for a rational process to approach the potential budget reductions and service realignments. Additionally we are looking for something that gives us the ability to gather input from the public on community priorities and to evaluate our existing programs and services against those community priorities. We believe the end product will give us a scalable tool to approach service realignment discussions.

Rorie Watt, City Manager spoke in favor of the Priority Driven Budget Process. He reflected on Governor Walker's visit with the Assembly earlier in the day. Everyone heard Governor Walker. It is not hard to imagine that we are going to be doing fewer things in three to five years. It would be easy to us to squirrel up in our offices and develop our own plans protecting our own pet programs. However, this (PDB) helps all of us to know where our pet programs sit in relation to real priorities (Quartiles 1 – 4).

This is designed to do really two things.

- 1.) Bring yourselves and the community along
- 2.) Scalable part. We don't know what the Legislature is going to do.

Independent of this, we need to look at service delivery and determine how we can do things better in every program. However, finding a better way is not going to meet all of the budget needs.

Mayor Koelsch encouraged Assembly members to volunteer to help with the program. Mayor Koelsch, Mr. Nankervis and Ms. White volunteered to participate.

Minutes - Assembly Finance Committee Meeting

Thursday, September 8, 2016, 5:30 p.m.

VIII. Information Item – Bond Sale Ordinance 2016-31

Bob Bartholomew provided a high level overview of the Bond Sale Ordinance 2016-31 prepared by Bond Council.

IX. Information Item – Sales Tax Non-Profit Sales Exemption

Bob Bartholomew provided a brief overview of page 33 of the packet.

X. Information Item – Online Payments & Related Credit Card Fees

Bob Bartholomew spoke to the body about the status of online payments and related credit card fees. We currently accept credit cards for certain programs & fees and do not collect fees. If we were to start taking credit cards for our major tax payments we would want to charge a fee. A phased-in approach has been identified to implement online: sales tax filing and payment, property tax payment and possibly airport and utility billings. Fees and absorption of fees are being evaluated.

XI. Next Meeting Date

Wednesday, November 9, 2016

XII. Adjournment

Meeting was adjourned at 8:04 PM.

MEMORANDUM

CITY/BOROUGH OF JUNEAU

Lands and Resources Office
155 S. Seward St., Juneau, Alaska 99801
Scott.Ciambor@juneau.org
Voice (907) 586-0220
Fax (907) 586-5385

TO: CBJ Finance Committee

FROM: Scott Ciambor,
Chief Housing Officer



DATE: November 7, 2016

SUBJECT: Tlingit-Haida Regional Housing Authority (THRHA) and Pacific Development Group (PDG) workforce housing proposal for Renninger Subdivision Lots 2, 4, & 5

THRHA & PDG jointly have proposed a discounted land sale and financial measures to support the provision of affordable workforce housing.

The Lands Committee has asked staff to work with PDG on their potential project. In general, the PDG proposal is coming before and during the adoption of the Housing Action Plan, and before the Assembly has adopted implementing strategies.

Description of Proposed Development: Renninger Subdivision Lots 2, 4, and 5 to be developed as Multifamily Rental Housing with affordable rents reserved for families and individuals of local workforce earning between 80% and 120% Area Median Income.ⁱ The project would consist of approximately 120 units of one and two bedroom units, a management office, community room, site amenities and on-site parking. Approximate cost of the development (net of land) is \$16.3 million.

Ownership Structure: THRHA would own and operate the Property through a Limited Liability Corporation or Limited Partnership based in Alaska.

Purchase Price: Proposed that THRHA pays 50% of Fair Market Value to CBJ. Purchase price reduction is requested based on the Public Benefit created by the development of affordable workforce multi-family housing. (NOTE: Sale of land at below FMV may only be done to a governmental agency, or to a non-profit who is providing a service that the government should be providing. As currently structured, below FMV would not be legal to this proposal.)

City Financing for Purchase of Land: Purchaser proposes City financing, structured as 4% interest, 20 year term, payments starting in Year 11.

Construction and Development Funding Sources:

- PDG (or new subsidiary) proposes financing through Tax-exempt conduit bonds issued by the City and Borough of Juneau for the project.
Note: Staff currently understands tax-exempt conduit bonds to have no direct financial exposure to the CBJ. CBJ would engage bond counsel and

Page 2

a financial advisor to perform due-diligence on the partners and the project. These costs would be covered by the developers.

Discounted Sale of Gravel, Sand, and Rock: Developer proposes purchase of gravel and rock at the discounted City/State Public project rate. Discounted rates are requested based on the public benefit of creating affordable workforce housing units in the Development.

Background:

The 2014 Juneau Economic Development Plan found that Juneau's housing supply does not meet demand in terms of housing type, size, price, or location. This scenario negatively impacts the local economy and is a top economic development issue.

The Committee of the Whole recently instructed staff to draft an ordinance to adopt the Housing Action Plan (HAP) as part of the Comprehensive Plan. The HAP notes that in order to address its housing challenges the community must be *willing to spend its own resources* (pg. 7) and *needs to create stronger partnerships with both non-profit and for-profit developers*. (pg. 13)

Housing Action Plan (HAP) analysis (pg. 13)

Create stronger partnerships with both non-profit and for-profit developers.

- *Such incentives could include below-market rate financing, shared equity investments, or transferal of low- or no-cost land and assets from the Borough's portfolio, for workforce housing or senior-oriented development. The market needs cost reductions and land to become unstuck, especially when it comes to products for first time buyers, lower-income renters, and retiring seniors. The public sector must provide these subsidies or deals won't get done (see elevating housing as a priority).*
- *While the Borough does not have an abundance of quality land or assets to transfer, it can, and under the right circumstance should, consider this. CBJ should be explicit about what belongs on the properties it transfers, and have provisions in place to hold the developers of those properties accountable for doing what they propose. If the community truly wants a functional housing market, it will have to create the room for one to emerge and prove profitable while also generating public benefit, and this will mean land and money.*

Note: Some of the THRHA & PDG requests have been offered to similar projects in the past and some requests are new but worthy of consideration with a better understanding of our housing market.

Direction Requested:

Staff needs direction from the AFC on whether the following requests should be considered:

- Tax-exempt bond conduit financing (pending review by Bond Counsel and Financial Advisor)
- Discounted gravel, sand and rock;
- Financing Terms;
- Other Financial Incentives

Page 3

Staff Recommendations:

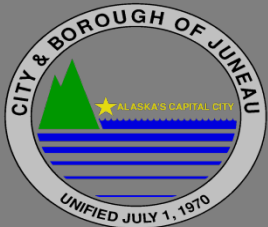
- A. Provided the Developer covers the costs of the analysis of Tax-Exempt Conduit Bond Financing by Bond Counsel and contract Financial Advisor analysis, staff supports proceeding with analysis. Agreement to issue conduit bonds would be based on the analysis.
- B. Staff supports providing sand and rock on similar terms used for other housing projects.
- C. In light of traditional CBJ investment rates of return and the goals of the HAP, the financing terms as proposed could be acceptable.
- D. Other financial incentives have not been developed by staff or the Assembly or discussed and would be a possible implementing strategies of the HAP.

i

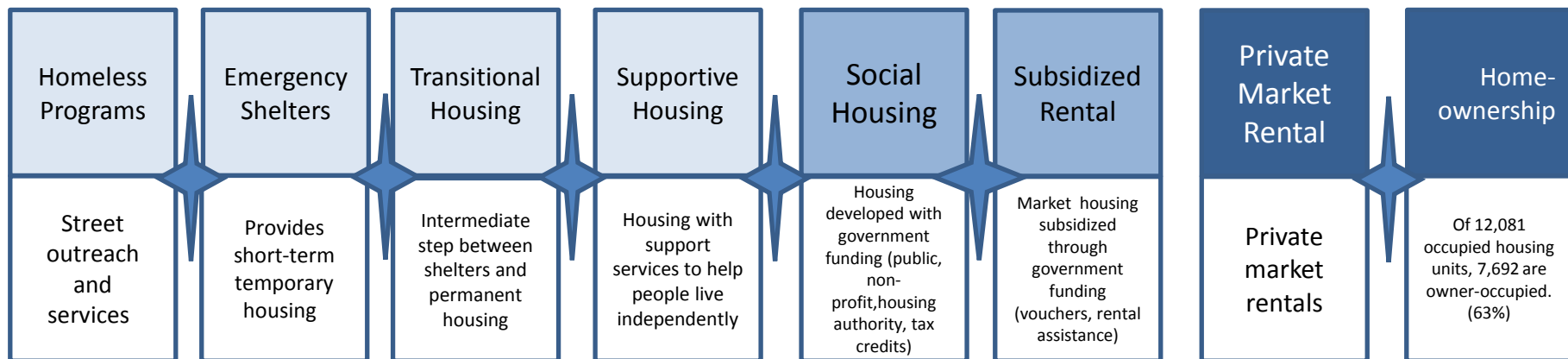
Juneau Income Limits for 2016:


| | 1 Person | 2 Person | 3 Person | 4 Person |
|-------------------------|-----------|-----------|------------|------------|
| 120% Area Median income | \$ 81,312 | \$ 92,928 | \$ 104,544 | \$ 116,160 |
| Area Median income | \$ 67,760 | \$ 77,440 | \$ 87,120 | \$ 96,800 |
| 80% Area Median Income | \$ 54,208 | \$ 61,952 | \$ 69,696 | \$ 77,440 |

Note: Final rental calculations to be determined by unit mix, apartment size. (1Bd 1Ba & 2Bd, 1Ba) PDG proforma target rate for 1Bd 1Ba =\$1250.



City and Borough of Juneau Housing Continuum



 **Special Needs Housing (homeless, seniors, persons with disabilities, youth)**

 **Affordable Housing**

80% AMI

NON-MARKET HOUSING

MARKET HOUSING

Income Line

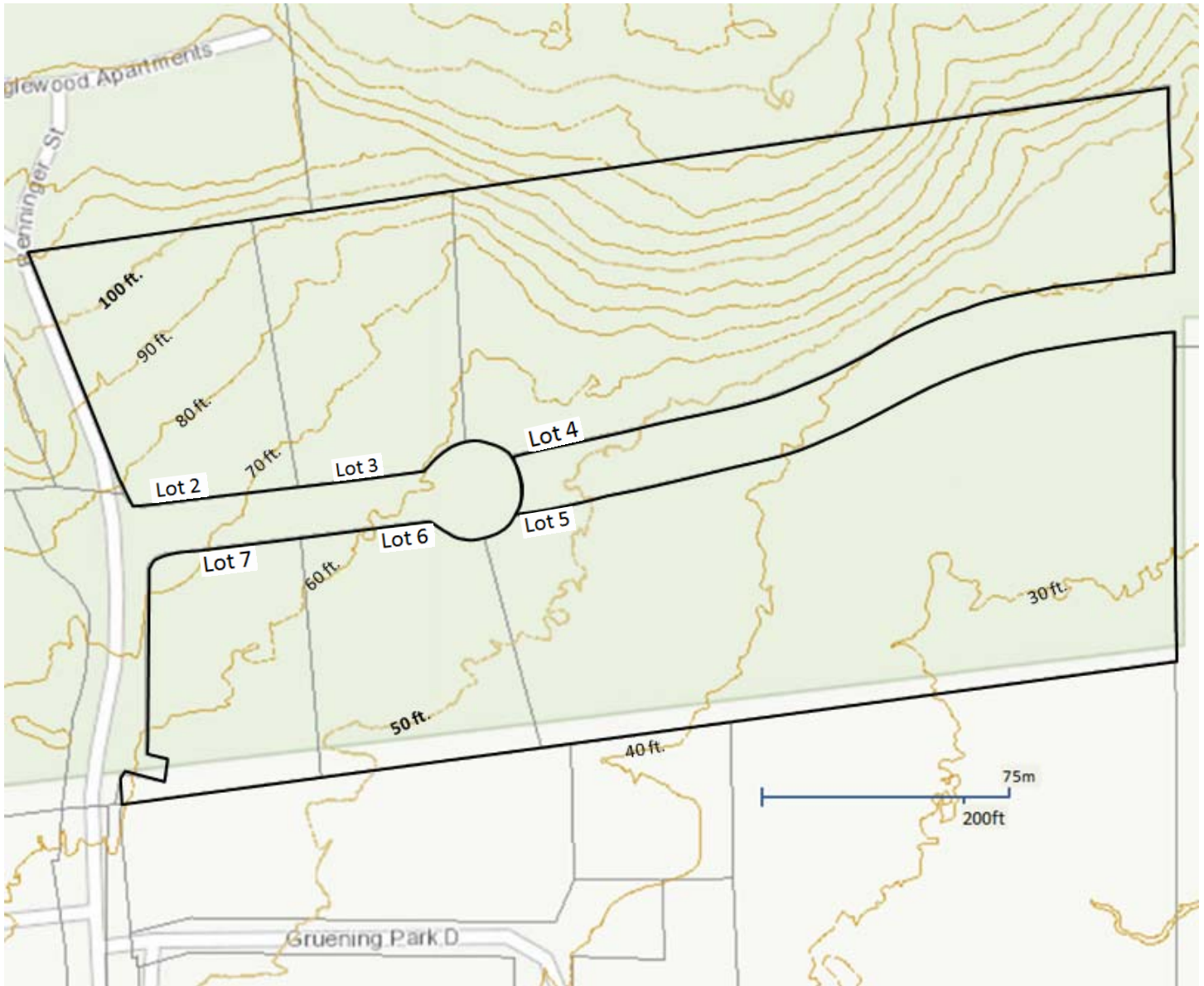
**Extremely Low
(0 to 30% AMI)**

**Very Low
30% to 50% AMI**

**Low
(50% to 60% AMI)**

**Moderate
(60% to 80% AMI)**

**Workforce Housing
(50% to 120% AMI)**



City and Borough of Juneau
ASSEMBLY FINANCE COMMITTEE
November 9, 2016
Changes to the FY17 School District Budget

Issue: Subsequent to the Assembly adopting the FY17 school district budget there were events that changed revenues and expenditures: 1) increase in student enrollment and 2) Governor Budget Veto. The explanation below and attached spreadsheet outlines the changes in the budgeted numbers. Once the Finance Committee has reviewed the information they will need to recommend updated budget documents to the full Assembly.

Background:

The Assembly adopted an FY17 school district budget of \$83.6 million. Of this total, CBJ provided \$25.9 million of local tax revenue funding (\$25 million for school operations, and \$0.9 million for activities outside the school operations funding Cap, - e.g. high school activities, student transportation).

After CBJ adopted the budget, the Governor vetoed \$244,000 of State student transportation funding. School enrollment also increased significantly.

Current Status:

The increased enrollment (final estimates still in progress) results in \$2.95 million of increased State funding (\$2.8 school operations and \$0.15 transportation). The increase in State funding increases the total CBJ funding Cap formula by \$0.65 million (\$652,000). The total potential increase in revenue is \$3.6 million.

The costs for staff and commodities for the increased student enrollment is estimated at \$0.85 million. The school district is requesting other cost increases of \$0.42 million. Total potential increase in expenditures is estimated at \$1.27 million.

Depending on funding decisions the school district's projected operating Fund Balance, at the end of FY17, is in a range from \$2.5 - \$3.4 million. Two Special Revenue Funds (Student Transportation and Food Service) are projected to have negative fund balances totaling \$185,000. Additional funding or transfers should be considered to balance these Funds.

Potential Assembly Budget Actions:

1. Direct staff to draft an Appropriating Ordinance, for Assembly consideration, to: A) allocate the \$2.8 million of increased State revenue to school operations budget and B) increase the operations budget expenditure authorization by \$0.85 million.
2. Direct staff to draft an Appropriating Ordinance, for Assembly consideration, to increase the operations budget expenditure authorization by \$0.42 million.
3. Direct staff to draft an Appropriating Ordinance, for Assembly consideration, to increase the CBJ local funding contribution to school operations by \$652,000.
4. Consider whether the Special Revenue Funds negative fund balances totaling \$185,000 should be brought whole by transfers from the school operations fund balance or increased CBJ local funding.

Note: The dollar amounts included in this analysis are the best current estimates and could change slightly between now and when final documents are presented to the Assembly.

City and Borough of Juneau School District
Projected Fund Balances as of June 30, 2017
Governmental Funds

Updated November 4, 2016
by David Means

| Fund Balances | Operating Fund | Special Revenue Funds | | | | Other Funds | | |
|--|----------------|-----------------------|-------------------|--------------|-----------|-----------------|-------------------|-------------|
| | | Student Transport. | Community Schools | Food Service | RALLY | Quality Schools | Safety & Security | |
| (Draw) / Contribution FY15 | 1,631,200 | (585,000) | 119,800 | (81,100) | 20,800 | 1,000 | (240,600) | 866,100 |
| (Draw) / Contribution FY16 | (121,600) | 97,500 | 89,700 | (104,000) | (135,200) | (69,100) | (262,400) | (505,100) |
| Available for Spending in FY 17 | | | | | | | | |
| June 30, 2016 Fund Balances | 3,058,600 | 97,500 | 414,600 | (135,300) | 73,900 | 53,100 | 161,700 | 3,724,100 |
| Assembly FY17 Adopted Budget Draw | (1,856,400) | (10,000) | 9,800 | 1,000 | 4,600 | (44,800) | (161,700) | (2,057,500) |
| June 30, 2016 Fund Balances | | | | | | | | |
| --Governor Walkers' vetoes | | (243,900) | | | | | | (243,900) |
| --Enrollment Changes (state \$) | 2,838,400 | 110,700 | | | | | | 2,949,100 |
| --Enrollment Changes (expenditures) | (854,000) | (38,800) | | | | | | (892,800) |
| --Other expenditures changes | (421,000) | 35,100 | | | | | | (385,900) |
| Tentative FY 17 Ending Fund Balance | 2,765,600 | (49,400) | 424,400 | (134,300) | 78,500 | 8,300 | - | 3,093,100 |
| Other Possible Changes to Fund Balances | | | | | | | | |
| 1. Enrollment Change (CBJ increase to cap) | 652,800 | | | | | | | 652,800 |
| 2. Possible CBJ Funding | | 50,000 | | 135,000 | | | | 185,000 |
| 3. Possible Fund Transfers | (185,000) | 50,000 | | 135,000 | | | | - |
| Possible FY 17 Ending Fund Balances | | | | | | | | |
| Minimum | 2,580,600 | 600 | 424,400 | 700 | 78,500 | 8,300 | - | 3,093,100 |
| Maximum | 3,418,400 | 600 | 424,400 | 700 | 78,500 | 8,300 | | 3,930,900 |

MEMORANDUM

CITY/BOROUGH OF JUNEAU

City & Borough Manager's Office
155 S. Seward St., Juneau, Alaska 99801

Mila.Cosgrove@Juneau.Org



Voice (907) 586-5240

Fax (907) 586-5385

DATE: November 9, 2016

TO: CBJ Assembly Finance Committee

FROM: Mila Cosgrove
Deputy City Manager

SUBJECT: Priority Driven Budget Update

PDB Purpose:

To identify, quantify, and prioritize all city programs and services according to the community and organizational results the program achieves.

PDB Process Update:

Staff work on the priority driven budget process continues on schedule:

Phase One - Develop department program inventories: Completed

During Phase One, staff identified all internal and external programs and services offered by the CBJ.

Phase Two – Provide detail on basic program attributes: Drafts received/under final review

During Phase Two, staff quantified basic program attributes including, staffing, cost, program demand, population served, legislative or regulatory mandates to provide, and if there are any alternatives to CBJ providing the program or service.

Phase Three – Internal Scoring: Begins week of November 7

During Phase Three, staff will score all identified programs and services against the basic program attributes identified in Phase Two and against how the program or service impacts desired community and organizational priorities/results.

It is anticipated that Phase Three will be completed by December 2nd. Results will be analyzed and reported out to the Assembly at the December 14th Finance Committee meeting. A plan for public input on the priority driven budget process will also be provided at that meeting.

Community and Organizational Results:

Attached to this memo is a document that outlines the Community and Organizational Priorities/Results that that will be used to evaluate our programs and services. For the Community Priorities/Results, each of the four key areas has several bullet points to provide guidance on how to define the broader topic. Scoring criteria is also provided.

Prior to proceeding with the Phase Three scoring, staff wants to make sure that the Assembly has had a chance to have a final review of these categories and offer any additions or deletions you might believe relevant.

Assembly Action Requested:

Approve or modify Community and Organizational Priorities/Results document.

Community and Governance Priorities/Results

Comprehensive Plan Vision and Guiding Principles

The City and Borough of Juneau is a vibrant State Capital that values the diversity and quality of its natural and built environments, creates a safe and satisfying quality of life for its diverse population, provides quality education and employment for its workers, encourages resident participation in community decisions and provides an environment to foster state-wide leadership.

Scoring Guidelines for Results (the degree to which the program or service is critical in achieving the community or governance priority):

- **4** = program has an essential or critical role in achieving the Result (*i.e. CBJ most likely could not achieve this overall Result without the existence of this program*)
- **3** = program has a strong influence on achieving the Result
- **2** = program has some degree of influence on achieving the Result
- **1** = program has some influence, though minimal, on achieving the Result
- **0** = program has no influence on achieving the Result

1. Vibrant Local Community

- Promotes quality job creation and provides a skilled and education workforce to fill those jobs
- Recruits and retains a well balanced mix of businesses
- Creates and maintains a conducive atmosphere to support Juneau as Alaska's Capital City
- Markets the Community's amenities, location and livability
- Assures an adequate and affordable housing stock
- Facilitates business development and growth through incentives, partnerships, and minimizing "red tape"

2. Quality Family-Oriented Community

- Provides diverse programs and activities for youth, families and seniors
- Offers a variety of cultural and recreational opportunities
- Preserves and maintains parks and open spaces
- Promotes safe, clean and attractive neighborhoods
- Supports quality education opportunities and job skill development
- Promotes a sense of community through citizen engagement, neighborhood gatherings and city-wide special events

3. Reliable Well-Maintained Infrastructure

- Plans for growth and promotes energy and resource conservation
- Provides a system of safe and reliable infrastructure including roadways, sidewalks, traffic signals and streetlights
- Designs and builds accessible, convenient transportation systems that ease congestion

- Ensures a safe, clean water supply, controls drainage, and maintains utility systems that serve the community
- Ensures wastewater and solid waste are disposed of in a manner that is beneficial for the long term viability of the community.
- Maintains quality public facilities (ie., parks, public buildings)
- Maintains well planned, well maintained transportation facilities for air and marine travel.

4. **Safe Community**

- Provides access to quality, community health care through EMS and hospital services
- Prevents and lowers the occurrence of crime through proactive community policing and establishing a visible presence.
- Creates an engaged community through actions such as public outreach and volunteerism
- Offers organized activities and intervention programs for youth
- Abates nuisances and promotes building and fire safety
- Fosters a feeling of personal safety by ensuring well-lit and maintained neighborhoods, commercial areas and public spaces (ie., Streets, sidewalks and parks)
- Enforces the law, offers protection, and responds promptly to emergencies and calls for service

Governance Priorities (to evaluate internal program results):

1. Attracts, Motivates, Develops and Retains a High-Quality, Engaged, Productive Workforce
2. Develops Sustainable Fiscal and Operational Policies and Fosters Trust and Transparency by Ensuring Accountability, Efficiency, Integrity, Innovation and Best Practices in all Operations
3. Protects, Manages, Optimizes and Invests in its Financial, Human, Physical and Technology Resources
4. Provides Assurance of Regulatory Policy Compliance to Minimize and Mitigate Risk
5. Provides Responsive and Accessible Leadership and Facilitates Timely and Effective Two-Way Communication and Input with All Stakeholders
6. Supports Decision-Making with Timely and Accurate Short-Term and Long Range Analysis that Enhances Vision and Planning

**City and Borough of Juneau
Assembly Finance Committee**

November 9, 2016

| Documents to Implement AFC's FY17 Budget Decisions of 9/8/16 | | Source of Funds | One-Time Amounts |
|--|--|--|---|
| Appropriating Ordinances | Description | | |
| 2016-09(V) | Transferring \$3,075,566 to the General Debt Service Fund's Fund Balance | Sales Tax Fund's Fund Balance | \$ 289,566 |
| | | General Fund's Fund Balance | 2,786,000 ^a |
| | | | <u>3,075,566</u> |
| 2016-09(W) | Transferring \$696,000 to the General Government Fund's Fund Balance | CBJ Facility Infrastructure Deferred Mtc CIP | 696,000 |
| 2016-09(X) | Transferring \$110,434 to the Roaded Service Area Fund's Fund Balance | Sales Tax Fund's Fund Balance | 110,434 ^a |
| Total | | | <u><u>\$ 3,882,000</u></u> ^b |

^a *Totaling \$400,000, the amount agreed upon to be sourced from Sales Tax fund balance.*

^b On Sept. 8th the Finance Committee made decisions to amend the FY17 budget by addressing \$4.38 million of a shortfall resulting from State Legislative and Governor budget actions. Once we have identified where the \$500,000 reduction in Department operating budgets is being allocated we will have addressed the the total \$4.38 million.

Presented by: The Manager
Introduced: 11/28/2016
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2016-09(V)

An Ordinance Transferring \$3,075,566 from the Sales Tax, and the General Fund's Fund Balance to the General Debt Service Fund's Fund Balance.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriate. There is appropriated to the Manager the sum of \$3,075,566 for transfer to the General Debt Service Fund.

Section 3. Source of Funds.

- Sales Tax Fund's Fund Balance \$ 289,566
- General Fund's Fund Balance \$ 2,786,000

\$ 3,075,566

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this ___ day of _____, 2016.

Kendell D. Koelsch, Mayor

Attest:

Laurie J. Sica, Municipal Clerk

Presented by: The Manager
Introduced: 11/28/2016
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2016-09(W)

An Ordinance Transferring \$696,000 from the CBJ Facility Infrastructure Deferred Maintenance Project, to the General Government Fund's Fund Balance.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriate. There is appropriated to the Manager the sum of \$696,000 for transfer to the General Government Fund's Fund Balance.

Section 3. Source of Funds.

- CBJ Facility Infrastructure \$ 696,000
Deferred Maintenance CIP

\$ 696,000

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this ___ day of _____, 2016.

Kendell D. Koelsch, Mayor

Attest:

Laurie J. Sica, Municipal Clerk

Presented by: The Manager
Introduced: 11/28/2016
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2016-09(X)

An Ordinance Transferring \$110,434 from the Sales Tax Fund's Fund Balance, to the Roaded Service Area Fund's Fund Balance.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU,
ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriate. There is appropriated to the Manager the sum of \$110,434 for transfer to the Roaded Service Area Fund's Fund Balance.

Section 3. Source of Funds.

- | | |
|---------------------------------|-------------------|
| • Sales Tax Fund's Fund Balance | <u>\$ 110,434</u> |
| | \$ 110,434 |

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this ____ day of _____, 2016.

Kendell D. Koelsch, Mayor

Attest:

Laurie J. Sica, Municipal Clerk