

**ASSEMBLY FINANCE COMMITTEE  
THE CITY AND BOROUGH OF JUNEAU, ALASKA  
Wednesday, March 14, 2018, 5:30 PM.  
Assembly Chambers**

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. APPROVAL OF MINUTES**

- a. **Wednesday, February 7, 2018**

**IV. ITEMS FOR DISCUSSION**

- a. **FY17 Audit Presentation**
- b. **Joint with Eaglecrest Board**
- c. **Joint with Aquatics Board**
- d. **Ordinance 2018-09 An Ordinance Providing for the Issuance and Sale of a General Obligation School Refunding Bond in the Aggregate Principal Amount of Not to Exceed \$6,000,000; and Providing for the Form and Terms of the Bond and for Unlimited Tax Levies to Pay the Bond**
- e. **Marine Passenger Fee Recommendations - Draft**
- f. **FY19 & 20 Manager Budget Preview - Issues**

**V. INFORMATION ITEMS**

- a. **SB101 Education - Property Tax Breaks for Economic Development**

**VI. NEXT MEETING DATE**

- a. **Wednesday, April 4, 2018 - AFC Meeting - Immediately following Special Assembly Meeting to introduce FY19/20 Budget**
- b. **Wednesday, April 11, 2018**
- c. **Wednesday, April 18, 2018**
- d. **Wednesday, April 25, 2018**

**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](mailto:city.clerk@juneau.org)

**DRAFT**  
**City and Borough of Juneau**  
**Minutes - Assembly Finance Committee Meeting**  
**Wednesday, February 7, 2018, 5:30 p.m.**

**I. Call to Order**

The meeting was called to order at 5:30 PM by Jesse Kiehl, Chair.

**II. Roll Call**

Committee Members Present: Jesse Kiehl, Chair; Norton Gregory, Mary Becker, Jerry Nankervis, Loren Jones, Beth Weldon, Robert Edwardson, and Mayor Ken Koelsch.  
Committee Members Participating Telephonically: Maria Gladziszewski.  
Committee Members Absent: None.

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

Others Present: Bridget Weiss, Student Service Director, Juneau School District.

**III. Approval of Minutes**

The January 10, 2018, minutes were approved as presented.

**IV. Juneau School District Local Contribution Discussion**

Bob Bartholomew, Finance Director provided introductory information for the item found on pages 5-10 of the meeting packet, including a recommendation from staff and the School Board.

Bridget Weiss, Student Services Director, Juneau School District discussed how the existing State Grant for the KinderReady program is set up to build a self-sustaining fund –\$150,000 is already available in the current fiscal year to run KinderReady. The state grant will decrease over three years.

**Mayor Koelsch moved to direct staff to prepare an ordinance reallocating \$167,500 from K-12 to the KinderReady program.**

**Without OBJECTION.**

**V. Juneau Parks Foundation – Juneau Community Foundation – Question of Appropriation**

Bob Bartholomew, Finance Director presented information from the memo found on page 11 of the meeting packet.

Mr. Bartholomew disclosed that he is on the investment advisory committee for the Juneau Community Foundation (but not on the JCF Board).

## **Minutes - Assembly Finance Committee Meeting Wednesday, February 7, 2018, 5:30 p.m.**

Rorie Watt, City Manager and Mr. Bartholomew responded to questions from the Assembly members. No committee action was taken.

**Mr. Watt suggested that Amy Skilbred, Executive Director, Juneau Community Foundation be invited to a forthcoming AFC meeting to provide further information to the committee.**

### **VI. Gavel to Gavel – Supplemental Appropriation**

Bob Bartholomew discussed an Issue Paper on Gavel to Gavel FY18 Supplemental Request found on page 12 of the meeting packet, and for direction from the body.

**Mayor Koelsch moved to direct staff to move forward with Recommendation 1, contributing the additional \$30,000 to Gavel to Gavel (Alaska Committee) in FY18, with funding being paid from savings in other line items in the Assembly's budget. Without OBJECTION.**

**Loren Jones moved to increase the Gavel to Gavel Funding (Alaska Committee) when preparing the FY19 base Assembly budget. Without OBJECTION.**

### **VII. Info Only – Marine Passenger Fee Recommendations**

Bob Bartholomew discussed the current status of the use of the CBJ Marine Passenger Fee of \$5 per passenger, where revenue available in FY19 is anticipated to be \$5,750,000. Rorie Watt responded to questions regarding pages 13-19 of the meeting packet. He stated that public comments close on February 16, 2018, and a refreshed memo will be brought back to the AFC for review.

### **VIII. Info Only – Transportation Network Company Sales Tax Compliance**

Bob Bartholomew referred to an issue paper on page 20 of the meeting packet. Objective to keep assembly informed of state legislation staff is working on.

### **IX. Info Only – Revenue Sharing**

Bob Bartholomew discussed the memo on page 21 of the meeting packet updating local governments on the status of the state Community Assistance program funding.

### **X. Next Meeting Date**

Wednesday, March 14, 2018

### **XI. Adjournment**

Meeting was adjourned at 6:41 PM.

# City and Borough of Juneau

Fiscal 2017 Audit Presentation

March 14, 2018

Max Mertz, CPA  
Karen Tarver, CPA  
Sarah Griffith, CPA

Elgee Rehfeld Mertz, LLC

# What We Audit

- ▶ CBJ – October/November
  - CAFR (Comprehensive Annual Financial Report)
  - Federal and State Grants
  - FAA – Passenger Facility Charges
- ▶ CBJSD– Prelim June/September
  - Financial Statements
  - Federal and State Grants
  - DEED Tuition Rate Report
- ▶ Bartlett Hospital– September
  - Stand alone Financial Statements

# CBJ School District Audit Results

- ▶ Federal and state grants – no findings or questioned costs
- ▶ No adjustments to the financial statements other than in the preparation of the financial statements
- ▶ Recommendations to the School District
  - None – all prior year comments resolved
- ▶ Finance Officer at CBJSD prepared schedules for the audited financials resulting in cost savings to the District

# Bartlett Hospital Audit Results

- ▶ Fieldwork during September.
- ▶ Stand-alone financial statements (request of the BRH board)
- ▶ Several Recommendations to the Board
  - Audit Preparation and General Ledger Review – repeated from prior year
- ▶ Long Detailed Exit Conference with the Board
  - November

# CBJ Audit Results

- ▶ CAFR
  - Unmodified opinion (clean)
- ▶ Federal and State Grants
  - No findings for Federal and State grants
- ▶ FAA
  - Passenger facility charges schedule fairly presented



# Significant Estimates

- ▶ Investments
  - Stated at market value at June 30, 2017
  - Assumes credit worthiness of counterparty
  - In compliance with CBJ code/policy
- ▶ Accounts, taxes, assessments and other receivables
  - Assumes ability to collect
  - Accuracy of allowance for doubtful accounts
- ▶ Self-insurance reserves for claims liabilities
  - Represents reserves for reported and unreported losses
  - Based on an estimated (by an actuary) ultimate cost of settling the claims

# Internal Control Matters and Recommendations

- ▶ None for FY 2017.

# Status of Prior Year Comments

- ▶ Update Procurement Policies and Procedures
  - Comment resolved.
- ▶ Improve Review Monitoring Controls Over Financial Reporting
  - Comment will not be repeated. We continue to recommend documentation of the close and grant reporting processes be developed and internal reviews be increased and documented.
- ▶ Further Develop and Document Accounting Procedures
  - Progress made. We continue to recommend further development and documentation of accounting procedures.
- ▶ Aggregate, Record and Disclose CBJ Leases Receivable
  - Progress made. Management continues to monitor its leases and weigh the benefits of a more formal method of tracking these leases.

# Conclusion

- ▶ Questions?
- ▶ We are happy to sit down with members of the Assembly to discuss any items related to the audit.

**EAGLECREST**  
**Comparatives**

		<b>FY18</b>		<b>FY19</b>	<b>FY20</b>
	<b>FY17</b>	<b>Amended</b>	<b>Projected</b>	<b>Proposed</b>	<b>Proposed</b>
	<b>Actuals</b>	<b>Budget</b>	<b>Actuals</b>	<b>Budget</b>	<b>Budget</b>
<b>EXPENDITURES:</b>					
Personnel Services	\$ 1,491,900	1,634,700	1,177,800	1,515,500	1,515,500
Commodities and Services	963,200	1,137,300	908,600	1,185,000	1,185,000
<b>Total Expenditures</b>	<b>2,455,100</b>	<b>2,772,000</b>	<b>2,086,400</b>	<b>2,700,500</b>	<b>2,700,500</b>
<b>FUNDING SOURCES:</b>					
Charges for Services	1,232,300	1,398,200	1,046,800	1,276,000	1,410,000
Rentals	213,600	270,000	121,400	255,000	255,000
Licenses, Permits and Fees	223,000	284,000	93,500	304,000	306,900
Sales	45,200	45,000	18,000	50,000	45,000
Contributions	55,500	75,000	100,000	100,000	100,000
Support from:					
Roaded Service Area	25,000	25,000	25,000	25,000	25,000
General Fund	675,000	675,000	675,000	700,000	700,000
<b>Total Funding Sources</b>	<b>\$ 2,469,600</b>	<b>2,772,200</b>	<b>2,079,700</b>	<b>2,710,000</b>	<b>2,841,900</b>
<b>FUND BALANCE:</b>					
Beginning Restricted Fund Balance	105,000	119,500	119,500	112,800	122,300
Increase (decrease) in Fund Balance	14,500	200	(6,700)	9,500	141,400
Ending Restricted Fund Balance	<b>\$ 119,500</b>	<b>119,700</b>	<b>112,800</b>	<b>122,300</b>	<b>263,700</b>
<b>STAFFING</b>	<b>31.84</b>	<b>32.08</b>	<b>32.08</b>	<b>32.08</b>	<b>32.08</b>

## City and Borough of Juneau

### Aquatics Board

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DATE: March 9, 2018

TO: Mayor Ken Koelsch  
Members of the Assembly

FROM: Max Mertz, Aquatics Board Chairperson

RE: Aquatics Board Recommendation Regarding the Board's Future

Under its authorizing Ordinance, (2015-23(b), the Aquatics Board sunsets on May 28, 2018 unless the Assembly takes action to amend it. (See Attachment H)

The Board began discussions last summer about whether, and what, to recommend to the Assembly regarding that sunset. The Board met with the City Manager to clarify the best process to pursue and subsequently began identifying a range of pool management alternatives. It then began evaluating each alternative. We met with the Committee of the Whole in November (Attachment A) at which time we explained the Board's governance and management assessment process and explained the range of options we had identified. From that meeting, we understood that the Assembly was satisfied with our process and approach thus far, and we committed to come back with a recommendation in March, 2018. Hence this memorandum.

#### ***Aquatics Goals:***

The Aquatics Board has defined the following as its over-arching goals:

- To increase efficiency of pool operations and reduce as much as possible the financial support the pools require from the General Fund.
- To increase pool usage and ensure the best possible pool user experience.
- To bring stability and transparency to the governance and management of the pools.

The Board worked hard on exploring each potential management option, analyzing how each might play out, including some preliminary financial analysis. Attached are the "Pros and Cons" we identified for each option along with a list of next steps that would be required once an option had been selected by the Assembly. (Attachment D)

#### ***Public Involvement:***

After our meeting with the Committee of the Whole, we did further analysis and last month presented the alternatives to the community, seeking their input and suggestions. We sought and encouraged media coverage of these public meetings. We presented to:

- The swimming community and the public (downtown on February 20 and in the Valley on February 28)
- The Chamber of Commerce

- Three of the four Rotary Clubs.

Since the minutes of the two public presentations are not yet available, attached are a copy of the presentation and a Board member's summary of the public's comments. (Attachments B and C) We would have liked to present to, and hear concerns from, the Aquatics staff but Mr. Duncan advised the Board it should not engage staff in this discussion.

***Alternatives Analysis:***

We considered four general options (see Attachment A):

***Option A: No Action***

Management of the facilities reverts to the Department of Parks and Recreation. The public would be able to provide input only through the PRAC.

- The Board unanimously rejects this option. We learned on March 6 that this is the option recommended by Mr. Duncan and we have not had an opportunity to review or discuss his rationale. While the PRAC may, and does, provide advice on recreational issues, the Board believes that more accountability over aquatics operation is needed to maintain or improve the current level of service. We do not support recreating a purely advisory Aquatics Board for the same reasons.

***Options B: No Change/Extend the Term of the Existing Pool Board:***

This requires the Assembly to amend the termination date of the Board. It continues the requirement that the City Manager and Aquatics Board both supervise the Director of Parks and Recreation.

- The Board unanimously rejects this option over the long term. It is difficult for the Parks and Recreation Director to have two bosses, and the Board has found that its priorities do not necessarily align with those of the Director - therefore its ability to make positive changes is hampered.

***Option C: More Fully Empowered Aquatics Board***

The scope of duties of the Aquatics Board is expanded, similar to the Eaglecrest model. A defining feature would be the responsibility of the Aquatics Board to directly hire and supervise its own Director.

- The Board believes this option warrants further study, and agrees that (if selected) this option should include expansion of the Board to include the Parks and Recreation Director, the School District Liaison, and a representative of Glacier Swim Club as voting members.

***Options D: Contract with Nonprofit Entity to Manage the Pools***

A process would be developed in compliance with CBJ's code and ordinances, and a management contract negotiated with a nonprofit organization for a designated period, with renewal and termination options.

- The Board does not believe there are any existing Juneau nonprofits in a position to manage the pools. Therefore, it does not support this sub-option.
- The Board believes that the time taken and the requirements to create a new local nonprofit for the specific purpose of managing the Aquatics facilities is beyond the

interest or capacity of the current Board. Therefore, it does not support this sub-option.

- The Aquatics Board has become aware that locally controlled YMCAs manage many municipally-owned aquatics facilities in locations across the US. We have explored this option in some depth (see Attachments E, F, and G). We believe there could be numerous potential benefits from creating a local Branch of the Alaska YMCA. We believe these would include:
  - Continuing local control – YMCAs operate under the direction of a local branch board. That board oversees the local manager, sets rates, sets budgets and does other activities that local non-profit boards perform;
  - Ensuring the same or equivalent level of compensation and benefits for staff;
  - Increasing operational efficiency and reducing general fund support;
  - Maintaining and improving the user experience; and
  - Accessing a greater depth of experience in the management of Aquatics facilities.

The Board would like time to complete a due diligence examination of this option with the assistance of the City Manager, City Attorney, CBJ contracting personnel, and in conjunction with the Alaska YMCA.

### ***Recommendation***

The Board recommends that the Assembly amend the Ordinance to extend the Board for one more year (and reappoint the existing members if necessary). This gives the Board time to:

- 1) Complete its due diligence on the evaluation of Option C;
- 2) Complete its due diligence on the evaluation of Option D, and
- 3) Engage further with the community (including the aquatics staff) before settling on a final recommendation to be made to the Assembly.

The Board also requests the assistance of the City Manager, City Attorney and their staff in examining the required terms, as well as the feasibility and desirability of negotiating a contract with the YMCA to establish a Juneau Branch to operate and manage the pools.

cc: Rorie Watt, City Manager  
Kirk Duncan, Director of Parks and Recreation  
Aquatics Board members  
Aquatics Board Liaison to the School District

### **Attachments**

- A. Memorandum from the Aquatics Board to the Assembly Committee of the Whole, November 18, 2017.
- B. Aquatics Board Presentation to the Community, February 2018
- C. Summarized Comments by Public at Community Meetings
- D. Aquatics Board Pros and Cons of the Various Option and Next Steps
- E. YMCA document "Strengthening Aquatic Collaborations: Considerations for Operating a Non-YMCA-owned Aquatic Facility."
- F. CBJ and YMCA Employee Benefits Comparison
- G. Draft list of Terms for potential Agreement of Management of Juneau Pools
- H. CBJ Aquatics Ordinance





City and Borough of Juneau  
Aquatics Board

DATE: November 8, 2017

TO: Jerry Nankervis, Deputy Mayor, Assembly COW Chair

FROM: Max Mertz, Aquatics Board Chairperson

RE: Aquatics Board Update and the Board's Future

In October of 2014, Juneau voters approved a Charter amendment authorizing the Assembly to establish by ordinance a board of directors for the municipal pools. On April 27, 2015, the Assembly adopted Ordinance 2015-23(b) which authorizes and assigns duties to the new Aquatics Board; such authorization and duties automatically are repealed on May 28, 2018.

Proponents of the Charter Amendment asked for the legislation in response to budget deliberations that seriously considered the closure of Augustus Brown Pool. The Aquatics Board has worked hard to increase pool revenue, decrease pool costs, increase use of the facilities and increase user satisfaction. The Aquatics Board believes that its work is not finished, that it can continue to assist the CBJ in finding ways to improve our Aquatics operations.

In the 10/3/17 election, voters approved extension of the 1% sales tax that has been traditionally been used for capital projects. In its pre-election public process, the Assembly agreed that one of the intended uses of the sales tax would be to expend \$5M renovating Augustus Brown Swimming Pool. Consequently, the Aquatics Board is committed to finding a path forward that maintains a financially viable approach to Aquatics activities encompassing both of our pools.

In anticipation of its upcoming repeal date the Board is preparing and analyzing information so as to be able to make recommendations to the Assembly regarding management of our Aquatic facilities.

The Board has identified a wide range of pool management options (see attached Preliminary Alternatives Analysis). Depending on the direction that emerges over the coming months, it may be that extension of the Board's life for 12- or 24-months may be necessary in order to provide the Board sufficient time to do a careful options analysis that properly incorporates both the Assembly's and the public's input.

The Aquatics Board's proposed timetable is as follows:

***November Committee of the Whole Meeting:***

1. Explain the Board's governance and management assessment process;
2. Confirm with the Assembly that the range of options is appropriately inclusive;
3. Identify Assembly members' concerns as we move forward.

***Winter:***

Aquatics Board deliberates, evaluates the options, engages a public process including pool user groups. This includes development of a decision matrix showing the “Pros and Cons” for each option, including the Board’s estimate of the financial impact where possible.

***March 1, 2018:***

Aquatics Board submits a progress report to the Assembly along with a recommended alternative, if possible. If necessary, this may include a request to extend the current Board for a period in order to give time to complete the alternatives analysis process.

cc: Rorie Watt, City Manager  
Kirk Duncan, Director of Parks and Recreation  
Aquatics Board members  
Aquatics Board Liaisons to Assembly and School District

Attachments  
Aquatics Board Alternatives Analysis  
Charter Section  
Aquatics Ordinance

## **Juneau Swimming Pools Management Alternatives Analysis:**

### **Purpose Statement:**

The Aquatics Board wishes to provide the Assembly with information, options and recommendations about how to best serve Juneau's aquatic facility needs in the future. The goal is to allow the Assembly to make appropriate financial and policy decisions that balance the provision of services, cost recovery, and general fund support. To assist in this process, the Aquatics Board is analyzing the positive and negative features of a range of governance and management alternatives.

### **Preliminary Alternatives Analysis:**

#### ***Option A: No Action***

The Assembly takes no action and the Aquatics Board is automatically repealed on May 28, 2018. Management of the facilities reverts to the City Manager. The Assembly may consider the establishment of an advisory committee to facilitate public input on the management of the facilities.

#### ***Options B: No Change/Extend the Term of the Existing Pool Board:***

Option B1: Retain the feature of having the Aquatics Board and the City Manager jointly supervise the Parks Director in his/her capacity overseeing the Aquatics programs.

Option B2: The Parks Director solely is supervised by the Aquatics Board in his/her capacity of overseeing the Aquatics programs.

#### ***Option C: More Fully Empowered Aquatics Board***

The scope of duties of the Aquatics Board is expanded, somewhat similar to the Eaglecrest model. A defining feature would be the responsibility of the Aquatics Board to directly hire and supervise the Aquatics Director.

Option C1: Retain the features of the existing Aquatics Board but with the addition of hiring and supervision authority over the Aquatics Manager

Option C2: The Aquatics Board has hiring and supervision authority over the Aquatics Manager. The Board is expanded to possibly include the Parks and Recreation Director, the School District Liaison, and a representative of Glacier Swim Club as voting members.

#### ***Options D: Contract with an Outside Entity to Manage the Pools***

Nonprofit entities are identified potentially to manage the City-owned pools. A solicitation process would be developed in compliance with CBJ code. The management contract terms would be negotiated along the way. CBJ appoints an internal contract manager.

Option D1: Identify Existing Nonprofits to Manage the Pool

The Board is not aware of any existing nonprofit that has the capacity for Aquatics management.

Option D2: Create a New Local Nonprofit.

A local group would form with the specific purpose of managing the Aquatics facilities.

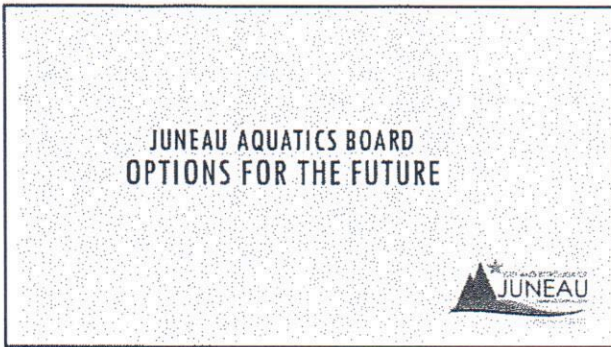
Option D3: Create a Local Branch of the Alaska YMCA

The Aquatics Board has become aware that local YMCAs manage municipally-owned aquatics facilities in many locations across the US. Benefits of this option could include access to a greater depth of experience in the management of Aquatics facilities. The Alaska YMCA is helping us evaluate this option.

***Option E: Aquatics Board Merges with Other Recreational Facilities***

This is outside the purview of the Aquatics Board, so it is not in a position to evaluate this option.

B




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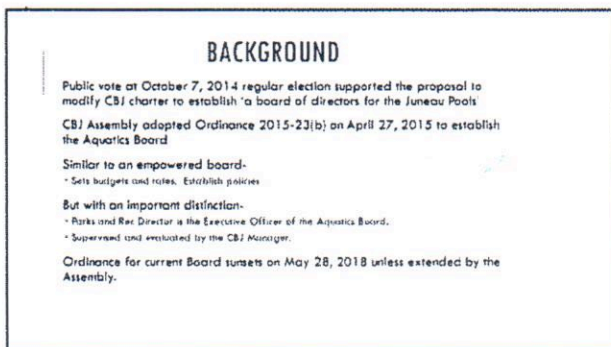
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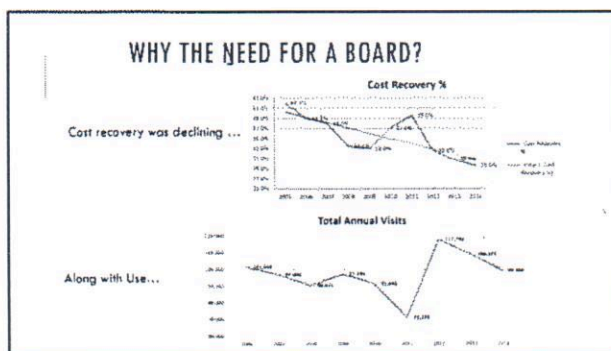
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## WHY THE NEED FOR A BOARD?

### Cost Recovery History

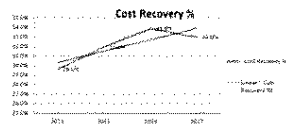
	2006	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue	\$14,813	\$20,762	\$17,846	\$19,452	\$28,579	\$29,251	\$40,212	\$52,085	\$50,089	\$52,519
Expense	\$66,215	\$25,739	\$27,372	\$20,723	\$13,142	\$61,812	\$1,046,915	\$1,153,790	\$241,535	\$1,426,291
Net Support	\$51,402	\$136,873	\$111,526	\$91,271	\$15,627	\$32,639	\$1,086,703	\$1,101,705	\$171,446	\$1,413,772
Cost Recovery %	23.13%	69.73%	62.79%	46.92%	54.38%	21.43%	26.43%	22.26%	34.23%	29.92%

### Use History

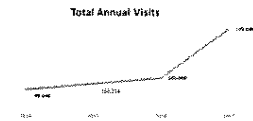
	2006	2011	2016	2016	2016	2017	2017	2017	2017	2017
Total Annual Visits	10,615	10,615	81,041	91,673	87,226	13,496	11,238	127,792	138,875	99,946

## SINCE THE BOARD WAS FORMED

Cost recovery has stabilized or is slightly improved...



Along with Use...



## SINCE THE BOARD WAS FORMED

Cost recovery has stabilized or is slightly improved...

	2014	2015	2016	2017
Revenue	\$17,814	\$43,843	\$51,578	\$61,016
Expense	\$1,814,251	\$1,214,617	\$1,014,272	\$1,004,814
Net Support	\$1,796,437	\$1,170,774	\$1,162,704	\$1,043,832
Cost Recovery %	29.92%	27.45%	22.55%	17.11%

Along with Use...

	2014	2015	2016	2017
Total Annual Visits	99,896	107,723	104,043	127,050

## SINCE THE BOARD WAS FORMED

Improved culture at the Pools. 'Culture of Yes'

Developed rate policies which includes:

- Single pool "System" with one set of rates
- Simplified rate structure and significantly lowered most user rates

Food service at DPAC

Initiated energy use and efficiency studies

- Working to get Pool Covers installed

Credit card billing implemented - monthly payment option

Worked to obtain remodel funding for Augustus Brown

- \$5 million approved by voters for Augustus Brown Pool from recent 1% CIP renewal.

## SINCE THE BOARD WAS FORMED - CONTINUED

Increased offerings of aquatics events for community

Significant Improvements in opportunities for learning to swim

- Improved lesson offerings
- Implemented scholarship program with Gagne Foundation

Expanded marketing and outreach including Facebook, etc.

Many additional accomplishments by Pool staff

## SHOULD THE BOARD CONTINUE? IF SO, HOW?

The Board began to evaluate options last summer

Performed a scoping project to determine options

Met with the Assembly in early November

Identified 4 general options

- Performed extensive work to evaluate the options

Presenting to the public now

- Public input is important in terms of the board's recommendation to the assembly

Will meet with the Assembly on March 14<sup>th</sup> to discuss results of our work and give recommendation

## SUMMARY OF OPTIONS

A. No action – Board Sunsets

B. Extend Term of the existing Board

C. Change board status to an empowered board

\* C1 Authorized to hire/supervise Aquatics Director

\* C2 All of C1 plus board membership to include P & R Director, School District liaison, and Glacier Swim Club representative as voting members

D. Contract with a non-profit group

\* D1 Identify existing local non-profit

\* D2 Create a new non-profit

\* D3 Create a local branch of the Alaska YMCA

## OPTION A – NO ACTION (BOARD SUNSETS)

### Pros

Simple – no action required by the Assembly or the Board

No disruption for staff

Key staff have a single boss

### Cons

Reverts to pre-board management

Aquatics and swimmers no longer have a designated advocate

Aquatics becomes less of a priority to P&R department as was the case prior to board formation

## OPTION B – EXTEND TERM OF EXISTING BOARD WITH NO CHANGE IN STRUCTURE

### Pros

Simple – Assembly extends sunset deadline in existing ordinance

Provides continuity of current operations

No disruption for staff

### Cons

Continues P&R Director reporting to two bosses

P&R Director has many direct reports – challenge to do all of them

Continues inefficiencies that could be gained by additional autonomy of the pool operations

\* Accounting and reporting

\* Maintenance

\* Operations



**OPTION C – BECOME AN EMPOWERED BOARD**  
 C1 AQUATICS BOARD HAS AUTHORITY TO HIRE/SUPERVISE AQUATICS DIRECTOR  
 C2 SAME AS C1 PLUS BOARD IS EXPANDED TO INCLUDE P&R DIRECTOR, SCHOOL DISTRICT LIAISON & GLACIER SWIM CLUB AS VOTING MEMBERS

**Pros**

- Increases board responsibility
- With Option C2, brings more voices into Board's decision making and additional help for handling increased workload
- Provides Board more oversight of management
- Improves Board's ability to manage indirect and maintenance costs
- Little disruption for staff
- A Pool 'Fund' balance would be created and tracked separately

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**OPTION C – BECOME AN EMPOWERED BOARD**

**Cons**

- Requires time to transition and modify systems
- Some restructuring and/or addition of staff and space necessary to handle tasks previously done by CBI
- Continues inefficiency that could be gained by additional autonomy of the pools
  - Accounting and reporting
  - Maintenance
  - Operations

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**OPTION D – CONTRACT WITH A NON-PROFIT**

- D1 Identify an existing local non-profit to manage the pools
- D2 Create a new non-profit specifically to manage the pools
- D3 Create a local branch of the Alaska YMCA to manage the pools

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## OPTION D – CONTRACT WITH A NON-PROFIT

### Pros

Potentially, greatest benefit to CBJ

Expands opportunities to increase revenue, reduce expenses and reduce CBJ financial support

\* Board believes this could result in substantial savings

Potential for streamlining aquatics operations and improved efficiency

Provides flexibility in program offerings leading to increased usage

Improves simplicity and transparency of accounting/admin functions

## OPTION D3 – CONTRACT WITH A NON-PROFIT – YMCA OPTION

Y is interested in contracting to manage the pools

Y manages scores of other municipal pools around the country

Provides access to YMCA's knowledge – aquatics programs and design\*

\* extensive resources for management and operation

Local control will remain – local board to which the "Branch Director" reports

Local Branch Director has administrative and operating support from Y

Existing staff will not be negatively impacted

\* Existing salaries of full-time employees will remain intact.

\* Y offers competitive retirement and health insurance package

Savings to CBJ is projected to be significant

Provides broader network for staff recruitment

## OPTION D – CONTRACT WITH A NON-PROFIT

### Cons

D1 The Board is not aware of any local non-profit org that has this capacity

D2 Extensive effort to create a new non-profit for this purpose

D3 More unknowns/uncertainty

All would require longer timeframe to complete transition

## NEXT STEPS

### Public Input –

- Charter and Ratify Meetings
- Aquatics meetings on 2/20 at 5:30 pm at Assembly Chambers and 2/28 at 5:30pm at DRAC

Board expects to make a recommendation to the Assembly on March 14

Assembly may choose to extend Board beyond May of 2018 to allow for further consideration and implementation.

If B, C, or D board likely to recommend making the School District liaison voting as well as adding GSC as a voting member.

If option C or D, we will also recommend adding P&R Director as a voting member

## QUESTIONS?



NOTES from Aquatics Board – Public Meeting Comments, February 28, 2018

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Jim Betts: Long time pool user, proud of pool maintenance though disappointed with the amount that's been deferred, supports expansion of and an empowered Board. We should do what the Board thinks is best after study including a Y if that's what turns out to be best. Thanks for the work of Board and staff.

Sara Hannan: ABP user and swim teacher. How many people use pools (not just visits)? Doesn't want GSC to control the pools. Wonders how maintenance would work under the various options.

Peter Metcalf: Frequent ABP user, and now DPAC (hot tub). Gave a story about the life-saving importance of everyone here knowing how to swim. Appreciate change in attitude. Don't fix what's not broken. Great to engage the public. Intrigued by a Y option, should be pursued but if that doesn't work then go Empowered.

Emily Ferry: Thanks everyone for positive changes. Has been in Iceland where pools are center of community – would like to see that in Juneau. Has been to various Y's, they have been good and well run but wonders how the Y option would constrain what can be done at our pools. Wonders where cost savings would come from.

Beth Crile: Appreciates change in Parks and Rec staff attitude. Thinks we are looking at a 5-year plan. Will CBJ subsidize all options at the same level? Which option will suffer least budget pressure?

Alan Davis: ABP user. Don't let Board sunset. Prefers Option C. Skeptical of Y option because the pools might never be able to be returned to CBJ. Please evaluate that option very carefully.

Wil Muldoon: A light user of the pools. Thinks we could do a combination of B, C2 and D2.

Alan Truit: Frequent user with a toddler. Definite improvements over the past 2 years. Concerned about contracting with a nonprofit – they pay less with fewer benefits which results in a less qualified staff. Thinks there would be pressure on a nonprofit to close ABP.

Linda Kruger: Teaches water aerobics at ABP. Thanks the Board for their work and the ABP staff who are great. Please ensure that closure of ABP for renovations is as short as possible.

Stephanie Andrew: How would the Y option work around the \$5 million renovation projects? Favors C2. Applauds the improvements in the pool culture.

Corry Isabel: President of GSC. Very interested in having a seat for GSC on the Aquatics Board – looks forward to seeing how the further analysis of the options plays out.

Savona Kiesling: Wonders how the Board would be formed for a Branch of the Y.

NOTES from Aquatics Board – Public Meeting Comments, February 20, 2018

**Bill Arnold:** Not sure how it could be done by a non-profit, seems peculiar for CBJ to pay a nonprofit, maintenance can be a problem with nonprofits, we need transparency, perhaps split Parks and Rec into two.

**David Phillip:** Keep the Board as it is, opposed to the YMCA, fees will increase.

**Clayton Hilton:** What is Parks and Rec's opinion of options B, C, and D?

**Bill Leighty:** Am an ABP swimmer, should we separate the pools rather than keep as a single system, do we have a letter of interest from the YMCA, how can we increase revenue – some swimmers could (and would) pay more, we should invite them to do so, what is the service at ABP? Is this Board willing to continue to serve? Work up matrix of scenarios showing savings under various assumptions.

**David Thompson:** skeptical about a nonprofit option, how would the deficit be handled, the PERS contribution issue is small potatoes, opposes separating from Parks and Rec and going to nonprofit – that would need substantial savings to CBJ.

**Terry Lauterback:** If it ain't broke, don't fix it, doesn't like nonprofit option, who would be on a Y Board? wants to see detailed financial numbers. Don't want anything to do with Anchorage. Will get push back on PERS.

**Sandra Harbanuk:** Need to see numbers, how would the user experience change? The pool website schedule doesn't reflect what happens at the pools.

**Chris Mertl:** Keep the Board as it is, need more details before contemplating changes, current Board has done a good job.

**Greg Hayes:** Board has done well, keep things as they are. Concerned about D – what oversight? Not answerable to the Assembly. Stick with Red Cross programs, doesn't like nonprofit option. Let staff vote on what they want.

**Liz Brooks:** Extend the current Board or go back to A, Parks and Rec. Opposed to nonprofit – fees at Anchorage Y are much higher. Doesn't think cost savings are important.

**Laura Lucas:** Thinks ABP would be more threatened with option D.

**Jennifer Johnson:** Just make sure no reduction in services.



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## Alternatives Analysis – Pros / Cons and Next Steps

Option	Pros	Cons
A. No Action	<p>The Assembly takes no action and the Aquatics Board is automatically repealed on May 28, 2018. Management of the facilities reverts to the City Manager. The Assembly may consider the establishment of an advisory committee to facilitate public input on the management of the facilities.</p> <ul style="list-style-type: none"> <li>Simple - requires no action by the Assembly or the Board.</li> <li>No disruption for staff</li> <li>Key staff have single boss</li> </ul>	<p>The Assembly takes no action and the Aquatics Board is automatically repealed on May 28, 2018. Management of the facilities reverts to the City Manager. The Assembly may consider the establishment of an advisory committee to facilitate public input on the management of the facilities.</p> <ul style="list-style-type: none"> <li>Aquatics no longer has a designated advocate.</li> <li>Swimmers have no patron to go to for complaint resolution</li> <li>Aquatics becomes less of a priority to Parks and Recreation Dept.</li> <li>Many important changes accomplished by the board since formation could be lost.</li> </ul>
B. Extend Term of Existing Board	<p><u>Option B1:</u> Retain the feature of having the Aquatics Board and the City Manager jointly supervise the Parks Director in his/her capacity overseeing the Aquatics programs.</p> <p><u>Option B2:</u> The Parks Director solely is supervised by the Aquatics Board in his/her capacity of overseeing the Aquatics programs.</p> <ul style="list-style-type: none"> <li>Simple – Assembly extends sunset deadline in existing ordinance</li> <li>Provides continuity through transition to new P&amp;R Director</li> <li>Gives the Board more time to do a thorough job of due diligence, especially for Option D.</li> <li>No disruption for staff</li> </ul>	<p><u>Option B1:</u> Retain the feature of having the Aquatics Board and the City Manager jointly supervise the Parks Director in his/her capacity overseeing the Aquatics programs.</p> <p><u>Option B2:</u> The Parks Director solely is supervised by the Aquatics Board in his/her capacity of overseeing the Aquatics programs.</p> <ul style="list-style-type: none"> <li>Continues P&amp;R Director reporting to two bosses, unless use Option B2.</li> <li>Continues inefficiency of operations that could be gained by additional autonomy of the pool operations or operation by a non-profit.</li> </ul>
C. More Fully Empowered Board (Eaglecrest Model)	<p>The scope of duties of the Aquatics Board is expanded, somewhat similar to the Eaglecrest model. A defining feature would be the responsibility of the Aquatics Board to directly hire and supervise the Aquatics Director.</p> <p><u>Option C1:</u> Retain the features of the existing Aquatics Board but with the addition of hiring and supervision authority over the Aquatics Manager.</p> <p><u>Option C2:</u> The Aquatics Board has hiring and supervision authority over the Aquatics Manager. The Board is expanded to possibly include the Parks and Recreation Director, the School District Liaison, and a representative of Glacier Swim Club as voting members.</p> <ul style="list-style-type: none"> <li>Requires Assembly to revise the Aquatics Board Ordinance</li> <li>Increases board responsibility.</li> <li>With Option C2, brings more voices into Board's decision making and additional help for handling increased workload.</li> <li>Captures more reliable cost information.</li> <li>Provides Board some increase in flexibility.</li> <li>Improves Board's ability to manage indirect and maintenance costs.</li> </ul>	<p>The scope of duties of the Aquatics Board is expanded, somewhat similar to the Eaglecrest model. A defining feature would be the responsibility of the Aquatics Board to directly hire and supervise the Aquatics Director.</p> <p><u>Option C1:</u> Retain the features of the existing Aquatics Board but with the addition of hiring and supervision authority over the Aquatics Manager.</p> <p><u>Option C2:</u> The Aquatics Board has hiring and supervision authority over the Aquatics Manager. The Board is expanded to possibly include the Parks and Recreation Director, the School District Liaison, and a representative of Glacier Swim Club as voting members.</p> <ul style="list-style-type: none"> <li>Requires time to transition and modify systems.</li> <li>Some restructuring and/or addition of staff and space necessary to handle tasks previously done by CBJ.</li> <li>Requires greater time commitment from Board members.</li> <li>Existing highly engaged Board Chair steps down from Board due to professional conflict of interest requirements.</li> <li>Continues inefficiency of operations gained by</li> </ul>

Option	Pros	Cons
<p><b>D. Contract with a NonProfit</b></p>	<ul style="list-style-type: none"> <li>• Little disruption for staff.</li> <li>Nonprofit entities are identified potentially to manage the City-owned pools. A solicitation process would be developed in compliance with CBJ code. The management contract terms would be negotiated along the way. CBJ appoints an internal contract manager.</li> <li><u>Option D1: Identify Existing Local Nonprofits to Manage the Pool</u></li> <li><u>Option D2: Create a New Local Nonprofit - A local group would form with the specific purpose of managing the Aquatics facilities.</u></li> <li><u>Option D3: Create a Local Branch of the Alaska YMCA - The Aquatics Board has become aware that local YMCAs manage municipally-owned aquatics facilities in many locations across the US. Benefits of this option could include access to a greater depth of experience in the management of Aquatics facilities. The Alaska YMCA is helping us evaluate this option.</u></li> <li>• Potentially, greatest financial benefit to City.</li> <li>• Expands ability to do fund-raising and reduce CBJ support.</li> <li>• Potential for streamlining aquatics operations and improved efficiency.               <ul style="list-style-type: none"> <li>◦ Quicker and more efficient changes to website, social media.</li> <li>◦ Better local advertising</li> <li>◦ Better marketing of pricing and opportunities such as Bulk Tickets, monthly credit card billings, etc.</li> <li>◦ Ability to fundraise locally and to grantors greatly enhanced.</li> <li>◦ Ability to set staffing and related compensation offerings</li> <li>◦ Ability to implement new or changes to operations in an efficient manner (pool covers, food service, etc.)</li> <li>◦ Pool Manager can spend more time on pool management and less time on bureaucratic activities</li> </ul> </li> <li>• Provides more flexibility in program offerings leading to potentially significantly increased usage.</li> <li>• Improved simplicity and transparency of accounting and administrative functions. Significant savings in overhead costs.</li> <li>• D3 provides YMCA depth for pool operations. Extensive experience both inside and outside the State operating pool facilities. Significant experience operating government owned facilities.</li> </ul>	<p>additional autonomy of the pool operations.</p> <p>A solicitation process would be negotiated along the way. CBJ</p> <ul style="list-style-type: none"> <li>• Potentially, greatest risk to the City.</li> <li>• Requires significantly longer to complete transition.</li> <li>• Some uncertainty for users, employees and CBJ with transition. We believe this will be greatly mitigated with YMCA operation the facilities.</li> <li>• Option D1: The Board is not aware of any local non-profit organization that has this capacity.</li> <li>• Option D2: Extensive effort to create non-profit. This would also require the identification of a group of citizens – or assign to CBJ staff – to take this project on.</li> </ul>

Option	Pros	Cons
	<ul style="list-style-type: none"> <li>Option D3 provides access to the Y's institutional knowledge about Aquatics program design and operations.</li> <li>Option D3 provides broader pool for staff recruitment when needed.</li> </ul>	

### Next Steps and Recommendations

- A No Action
- B Extend Term of Existing Board
1. Assembly Decision
- C Eaglecrest Model of Empowered Board
1. Assembly Decision
  2. Form a Transition Management Team
  3. Develop a Checklist of To Dos for the Transition
  4. Develop a Timeline for the Transition
  5. Implement the Transition
  6. We recommend the Assembly consider amending the board structure if this option to make the School District seat a voting seat, to add a seat for GSC that would be a voting seat, and to add a seat for the CBJ Parks and Rec Director that would be a voting seat of the Board.
- D3 Contract with the YMCA
1. Get references from other municipalities
  2. Get advice on transition process from other municipalities
  3. Meet with City Attorney and Manager to nail down procurement method
  4. Assembly Decision
  5. Get clarity/commitment re timing of ABP renovations (\$5 million from Sales Tax)
  6. Form a Contract Negotiation Team
  7. Form a Transition Management Team
  8. Develop a Checklist of To Dos for Transition
  9. Develop a Timeline for the Transition
  10. Implement the Transition
  11. If the Assembly elects to move in this direction the Board anticipates making a host of recommendations related to the implementation, governance and operation of the pools.





FOR YOUTH DEVELOPMENT®  
FOR HEALTHY LIVING  
FOR SOCIAL RESPONSIBILITY

# STRENGTHENING AQUATIC COLLABORATIONS

## OPERATING A NON-YMCA-OWNED AQUATIC FACILITY Considerations for YMCAs YMCA OF THE USA

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### AUDIENCE

- Chief Executive Officers
- Chief Operations Officers
- Chief Financial Officers
- Branch Executives
- Camp Directors
- Property Managers
- Risk Managers
- Aquatics Directors

### QUICK SUMMARY

If your YMCA is considering operating a non-YMCA-owned aquatic facility, be aware of the liability and operational risks. Use this guide to ask the right questions and tap knowledgeable resources to help your Y make the best decision.

03.27.2013

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## INTRODUCTION

As cause-driven organizations committed to strengthening community through youth development, healthy living, and social responsibility, YMCAs are leaders in responding to community needs. As a national leader in aquatics, the Y helps hundreds of thousands of people learn to swim and be safe around water. Given the Y's position at the heart of community life and at the forefront of aquatics, there may be instances when a local organization—such as a municipality, school, or other nonprofit—will ask a Y to operate an aquatic facility that the Y doesn't own. This may be due to financial reasons, a need for expertise in aquatic facility operations, or a need to combine resources to meet a local need.

The goal of this document is to help Ys make an informed decision about whether to assume responsibility for operating or providing services at a non-YMCA-owned aquatic facility. It also seeks to raise awareness of the additional risks posed by doing so. Use this document as a guide to determine what steps your Y should take before entering into a collaborative agreement. You can also use this guide to re-evaluate an existing contract or arrangement.

## FACILITY CATEGORIES

Aquatic facilities come in all sizes, shapes, configurations, and environments. Each type of aquatic facility is unique and each has a different set of exposures. This can pose challenges that require special considerations in operation, supervision, maintenance, and safety. Following are the common types of facilities that a Y may be approached to provide programs for or to manage:

- **Public pools.** These include municipal pools and those located at schools, public colleges, or universities. These are typically the traditional rectangular pool, either 25 yards or 50 meters in length, and may also have diving facilities. These types of pools are often used for recreational or lap swimming, competitive and fitness programs, swim lessons, and water safety training.
- **Multi-attraction facilities.** These sites usually have swimming pools and may also feature water slides and/or play structures, such as inflatables, spray areas, floating water walks, and interactive playgrounds.
- **Waterparks.** Aquatic theme parks may include play structures and moving water rides and attractions, such as wave pools, vortex pools, speed slides, or winding rivers.

- **Waterfronts.** These are outdoor facilities where open water meets land, including surf and inland aquatic environments, such as ocean beaches, rivers, ponds, lakes (natural or artificial), quarries, and reservoirs.
- **Private pools.** These pools may be located in backyards, apartment complexes, hotels, homeowner associations, and housing authority complexes. Typically, Ys offer aquatics programming at these pools in collaboration with other organizations or agencies, such as providing swimming lessons and water safety training to diverse communities.

## DO YOUR HOMEWORK

Serious liability and operational risks are associated with involvement in non-Y-owned aquatic facilities. If your Y is considering entering into an agreement to operate a non-YMCA-owned aquatic facility, your first step is careful research and planning. Be sure to ask questions during the research process, and use the following suggestions as a guide. Most important, use the many resources available to assist you in making this decision.

## QUESTIONS TO ASK

When considering operating a non-YMCA-owned aquatic facility, ask yourself and your Y's counsel, risk manager, and insurance representative questions to help make an informed decision about whether to proceed or not. The questions in the following section are provided to help you in this process. If an answer to a question is favorable, proceed to the next question, and so forth. If an answer is less than favorable, proceed with caution. And if an answer is not favorable, you may want to reconsider moving forward in the process.

## BRANDING

As a cause-driven leader of a YMCA, it is your job to protect and promote the Y brand and to ensure that any partner your Y takes on will further the public's perception of the Y as a cause-driven organization. All collaborations must meet Y brand requirements. Consult YMCA of the USA's Brand Resource Center, available through [Exchange](#), to ensure that proposed signage and use of the Y name and logo are in compliance.

- Why are we considering doing this?
- How does this partnership/relationship enable us to advance our cause of strengthening community through youth development, healthy living, and social responsibility?
- Do we want to be associated with this organization?
- Will this be in compliance with YMCA of the USA's graphic standards for strategic relationships?
- How does this relationship enable us to serve our community more effectively?
- What value is the Y offering in this transaction?

## **CONTRACT**

A contract should be as reflective of the arrangements as possible, such as outlining each party's responsibilities and what services are offered. Additionally, your Y should know what type of entity you are contracting with and understand the implications that has for your YMCA's operations and for the Y brand. For example, some government entities have sovereign immunity, which means they cannot be sued or they have limited liability and can be sued up to only a certain amount. If there is litigation, this could result in additional exposure for the Y if the Y is viewed as the party with "deep pockets."

- Whom will we be contracting with?
  - Is it a public entity, private entity, school district, home owners association (HOA), etc.?
  - Are there special issues, such as sovereign immunity, to consider when working with municipalities and other public entities?
- What services will our Y be providing? Are we providing
  - complete management and operations of the facility?
  - staffing (lifeguards, swim instructors, etc.)?
  - programming?
- Do we have an internal procedure in place for contract review?

## **OPERATIONS**

Your Y will need to assess and ensure that you have the resources and expertise needed to operate the intended aquatic facility. For example, if it is a multi-attraction facility, your Y should have the following:

- An aquatics director with expertise in operating such a facility
- Adequate number of lifeguards supervising and providing surveillance for each attraction
- Lifeguards trained in the unique challenges posed by play features
- Pool operators familiar with maintaining the unique features of the facility

Additionally, your Y also should consider the financial implications of entering into an agreement and whether it is financially feasible to operate the facility.

- Are we equipped to operate the facility?
- Do we have the skills and expertise to provide these services?
- Who will control pricing?
- What are the hidden and deferred costs?
- Will programming be limited to only the general public?
- If services are not open to the public, will revenue generated from this transaction be considered unrelated business income and subject to unrelated business income tax?
  - Will it affect our tax exempt status?

- Do the location and population match the people whom we are trying to serve?
  - Are we equipped culturally to provide the service?
  - Does this match our skill sets?
- Who will be responsible for the facility's operation and maintenance? The physical plant maintenance?
  - If the Y is responsible, are we equipped and do we have the expertise to do this?

## **RISK AND INSURANCE**

A Y may assume additional risks when entering into a partnership. You will have to identify, assess, and weigh the risks and ensure that you are able to protect your Y's assets, including its people, property, finances, and reputation.

- What are the risks?
- Will the facility be able to conform to our Y's safety standards and procedures?
- What is the condition of the facility, physical plant, and property?
  - Is it safe?
  - Does the facility meet all federal, state, and local regulations and codes?
- Is the location of the facility suitable and safe?
- Who is in charge of security after hours?
- What liability do we have in providing these services?
- Will our insurance premium go up?

## **RESOURCES**

Several valuable resources are available to help assist your Y. It is highly recommended that you use these resources before entering into and accepting the terms of any agreement.

### **YMCA OF THE USA RESOURCES**

Aquatic safety is vitally important to fulfilling the Y's mission and cause. Ensuring safety is an important part of what Ys do every day—whether teaching a child to swim, training a lifeguard, or maintaining and managing aquatic facilities. YMCA of the USA's [Aquatic Safety Guidelines for Ys](#) recommends that when managing non-YMCA-owned facilities, your YMCA

- ensures the association CEO/CFO is involved in the contract process.
- puts in place a written agreement outlining the parties' responsibilities and protections for your YMCA. Have this reviewed by your Y's legal counsel prior to signing.

- reviews insurance requirements and obligations with your Y's management and insurance representatives.
- ensures offsite aquatic facilities used by your YMCA for programming—such as swim lessons, water aerobics, or any other type of instruction—comply with all of your Y's safety standards and procedures.
- does not “rent” or dispatch lifeguards to private homeowners for parties or any lifeguarding-related responsibilities. Limit all offsite lifeguarding activities to YMCA programs only.

YMCA of the USA staff are available to help your Y during this process—especially helpful will be your Y's Resource Director, the General Counsel Office, and the Aquatic Safety and Risk Specialist. They can be a resource in providing guidance, contract review, and safety considerations, and they can refer you to additional resources, such as identifying other Ys currently engaged in similar agreements.

## **INSURANCE REPRESENTATIVE**

It is important that you contact your Y's insurance representative for advice and counsel and involve them at the beginning of the process. They can guide your Y in the contract review and risk-assessment process by ensuring that the agreement

- specifically outlines the responsibilities of each party;
- accurately reflects the services being offered;
- outlines insurance requirements; and
- includes an indemnification clause fair to both parties.

Additionally, they may be able to

- assess exposures to loss and mitigation of each exposure;
- determine insurance premium charges; and
- conduct risk management assessments of the facility.

Involving your Y's insurance representative in the process will also benefit your Y if there is a claim, since they will be familiar with the agreement and your Y's operations.

## CONCLUSION

Thorough research and planning is critical when considering entering into any type of collaboration that involves management of an aquatic facility that is not owned by your YMCA. Use Y-USA as a resource and involve your insurance representative at the beginning of the process. Tapping these resources and asking the right questions will help make the process smooth and will help your Y avoid any potential contract, legal, and reputation issues down the road.

The Y is a community organization that thrives on collaboration, and it is appropriate and important to work with others in responding to community needs. However, assessing liability and determining if the Y can obtain adequate legal protection for the services provided for non-Y-owned aquatic facilities is critical in the decision-making process. It is also important to remember our master brand strategy and assess how your relationships might affect public perception of the Y Movement.

To learn more or access additional resources about aquatics and safety and risk management, visit [Exchange](#) or call YMCA of the USA at 800-872-9622.



**YMCA OF THE USA**

101 N Wacker Drive, Chicago IL 60606  
800 872 9622

[yexchange.org](http://yexchange.org)

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Proforma Employee Costs

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	<u>CBJ</u>	<u>Proforma</u>
<b>Total Benefited Employee</b>		
Salaries	531,305	531,305
FICA / Med	40,048	40,048
Retirement	111,263	37,191
Health (12 months)	181,440	124,114
Total Benefited	<u>864,056.66</u>	<u>732,658.56</u>
<b>Non-Benefited Employees</b>		
Lifeguards (excludes Head Lifeguards)		
Salaries	291,554.57	205,803.23
Benefits	26,598.35	18,775.31
All other		
Salaries	201,566.23	201,566.23
Benefits	18,490.84	18,490.84
Total Non-Benefited	<u>538,209.99</u>	<u>444,635.60</u>
Total All employees	<u>1,402,266.65</u>	<u>1,177,294.16</u>
Savings		<u>224,972.49</u>
<b>Summary By Type</b>		
Salaries	1,024,426.19	938,674.85
Benefits	377,840.46	238,619.31
Total	<u>1,402,266.65</u>	<u>1,177,294.16</u>

**CBJ and YMCA Employee Benefits Comparison**

**Source:**

**CBJ** <https://cdn.juneau.org/wp-content/uploads/2017/05/CBJplancomparisionFY18-1.pdf>  
<http://doa.alaska.gov/drb/pdf/pers/perstieri-ivchart.pdf>

**YMCA** YMCA 2018 Rate Renewal, benefits summary provided by management  
[www.yretirement.org/how-the-fund-works/fund-basics](http://www.yretirement.org/how-the-fund-works/fund-basics)

	<u>YMCA</u>	<u>CBJ</u>
<b>Retirement Plan</b>		
Plan Type	401(a), 403 (b)	Tier IV
Employer contribution Rate on gross salary	7.00%	22.00%
- Rate employee receives from Employer	7.00%	6.00%
Employee Minimum Contribution	5.00%	8.00%
Additional Employee Contribution Available	Yes	Yes
<b>Health Plan</b>		
Plan Type	<u>Silver</u>	<u>Basic</u>
Employer Cost	\$ 861.90	\$ 1,260.00
Employee Cost, no spouse	\$ -	\$ -
Deductible	\$2500 / \$5,000	\$500 / \$1000
Out of Pocket Maximum	\$2500 / \$5,000	\$2500 / \$7,000
Dental Plan	Yes	Yes
Dental Plan Employee Costs	\$ -	\$50 / \$100
Vision Plan	Yes	No
Vision Plan Cost	\$ -	N/A

# CBI Comparison Benefit Plan Year July 2017–June 2018

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BENEFIT	Economy	Standard	Premium
<b>Medical</b> Annual Deductible	\$500 / Individual \$1000 / Family	\$250 / Individual \$500 / Family	\$150 / Individual \$300 / Family
Plan Pays Based on allowable amount	80% of the allowable amount	80% of the allowable amount	80% of the allowable amount
Out of Pocket Limit (including Deductible)			
Individual	\$2500	\$1750	\$1150
Family (2 member)	\$5000	\$3500	\$2300
Family (3+ member)	\$7000	\$5000	\$3300
<b>Prescription Drugs</b>	\$50 deductible max OOP \$1500 member pays \$10 for generic 40% for brand (30 day supply) \$10/\$35 mail order (90 day supply) You must pay the difference if generic is available <b>Tier 4 –Specialty medications \$100</b> Co-pay per prescription	\$50 deductible max OOP \$1000 member pays \$10 for generic 30% for brand (30 day supply) \$10/\$30 mail order (90 day supply) You must pay the difference if generic is available <b>Tier 4 –Specialty medications \$100</b> Co-pay per prescription	\$50 deductible max OOP \$500 member pays \$10 for generic 20% for brand (30 day supply) \$10/\$25 mail order (90 day supply) You must pay the difference if generic is available <b>Tier 4 –Specialty medications \$100</b> Co-pay per prescription
Annual/Lifetime Maximum	None	None	None
<b>Vision</b> Plan Pays Frequency	<b>No benefit</b>	100% of the allowable Exam/lenses: 1x PPY Frames/contacts: \$200 (Per Benefit Year)	100% of the allowable Exam/lenses: 1x PPY Frames/contacts: \$225 (Per Benefit Year)
CBI Contribution	<b>\$1260.00</b>	<b>\$1260.00</b>	<b>\$1260.00</b>
Emp Cont. Biweekly	<b>\$0</b>	<b>\$70.00</b>	<b>\$93.40</b>
Healthy Rewards EE	<b>\$0</b>	<b>\$20.00</b>	<b>\$43.40</b>
EE/ Family Biweekly	<b>\$88.20</b>	<b>\$155.40</b>	<b>\$186.40</b>
Healthy Rewards Family	<b>\$38.20</b>	<b>\$105.40</b>	<b>\$136.40</b>
<p style="text-align: center;"><b>Dental benefits are no longer included as part of your medical/vision/Rx plan. You must enroll in dental coverage separately, however there is no additional cost to you for the dental plan. If you are enrolling in an individual plan, you can only enroll in an individual dental plan. Due to the Affordable Care Act, you can opt out if you choose, but we do not recommend it.</b></p>			
<b>Dental</b> Annual Deductible	\$50 / Individual \$150 / Family		
Plan Pays Preventative	100% of the allowable –deductible waived		
General Major	80% of the allowable 50% of the allowable		
Individual Maximum	\$2000		

**Choice Plus 100/80**

**Choice Plus 90/70**

**High Deductible  
Health Plan 2500**

**NATIONAL MARKETPLACE  
PLAN LEVEL EQUIVALENT**

**PLATINUM**

**GOLD**

**SILVER**

<b>MEDICAL COVERAGE</b>	<b>In-Network</b>	<b>Out-of-Network</b>	<b>In-Network</b>	<b>Out-of-Network</b>	<b>In-Network</b>	<b>Out-of-Network</b>
<b>WELLNESS EXAMS &amp; PREVENTIVE VISITS</b>	100% with No Copay	Mammogram & Pap Smear Only 80%*	100% with No Copay	Mammogram & Pap Smear Only 70%*	100% Not Subject To Deductible	Not Covered
<b>DEDUCTIBLE</b>	None	\$600/Indiv. \$1,200/Fam.	None	\$800/Indiv. \$1,600/Fam.	\$2,500/Ind. \$5,000/Fam.	\$4,000/Ind. \$8,000/Fam.
<b>PRIMARY CARE PROVIDER/ VIRTUAL VISIT/ SPECIALISTS</b>	Copays: \$25/PCP/VV \$35/Specialists	80%*	Copays: \$25/PCP/VV \$35/Specialists	70%*	100%*	70%*
<b>INPATIENT HOSPITAL</b>	100% after \$200 Copay	80%*	90%	70%*	100%*	70%*
<b>OUTPATIENT HOSPITAL</b>	100% after \$100 Copay	80%*	90%	70%*	100%*	70%*
<b>EMERGENCY ROOM</b>	100% after \$175 Copay (waived if admitted)		100% after \$175 Copay (waived if admitted)		100%*	
<b>URGENT CARE/ CONVENIENCE CARE</b>	100% after \$50 Copay	80%*	100% after \$50 Copay	70%*	100%*	70%*
<b>OTHER ELIGIBLE CHARGES</b>	100%	80%*	90%	70%*	100%*	70%*
<b>ANNUAL OUT-OF-POCKET MAXIMUM</b>	\$2,000/Ind. \$4,000/Fam.	\$6,600/Ind. \$13,200 Fam.	\$2,500/Ind. \$5,000/Fam.	\$8,800/Ind. \$17,600/Fam.	\$2,500/Ind. \$5,000/Fam.	\$7,500/Ind. \$15,000/Fam.
<b>LIFETIME MAXIMUM</b>	<b>UNLIMITED</b>		<b>UNLIMITED</b>		<b>UNLIMITED</b>	

<b>PRESCRIPTION DRUGS</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>In-Network</b>	<b>Out-of-Network</b>
<b>Retail Network (31 days)</b>	\$10	\$30	\$50	\$10	\$30	\$50	100%*	Not Covered
<b>Mail Order (90 Days)</b>	\$25	\$70	\$125	\$25	\$70	\$125		

<b>IN-NETWORK VISION</b>	<b>EyeMed SELECT Plan</b>	<b>EyeMed SELECT Plan</b>	<b>EyeMed SELECT Plan</b>
All medical plans include basic vision coverage with our EyeMed SELECT plan.	\$10 Copay for Annual Eye Exam Discount for Glasses & Contacts	\$10 Copay for Annual Eye Exam Discount for Glasses & Contacts	\$10 Copay for Annual Eye Exam Discount for Glasses & Contacts

(\*) Subject to deductible.

(\*) Subject to deductible.

(\*) Subject to deductible.



**Interested in providing a richer vision plan?  
Ask us about EyeMed GOLD.**

Please refer to each plan's Summary Plan Description for a complete listing of services and exclusions, as well as

9

Alaska YMCA

Outline of Agreement for Management of Juneau Pools

- 1) Contracting Entities – CBJ and Alaska YMCA
- 2) Facilities to include – DPAC and ABP
- 3) Contract Administration - TBD
- 4) Commencement Date - TBD
- 5) Ownership – CBJ retains ownership of all assets
- 6) Equality and Availability of Services
  - a) Y will ensure that all members of the public are served equally and in accordance with existing federal, state and local laws and cultural norms.
- 7) Services to be Provided - will include existing programs
  - a) Will not compete with programs offered by GSC
    - i) Youth
    - ii) Masters
    - iii) SD Learn to Swim Contract
  - b) Programming
    - i) Swim lesson and fitness program
    - ii) Recreational swimming programs
    - iii) Sales of all food and beverage on the premises of either facility
    - iv) Sales of all merchandise at either facility
    - v) Potential additional programming to be developed by Y
  - c) High school swimming and other School District programs
- 8) Community Board to be established
  - a) Significant local control over programming and policies in conjunction with Y
    - i) Approving facility use and membership rates
    - ii) Approving Budget developed by Y and Branch Director (currently called the Aquatics Director)
    - iii) Recommending the support amount to be negotiated between CBJ and Y
    - iv) Input on the determination of pool schedules
    - v) Y provides assistance to the Board as needed on operational matters
  - b) 9-member board
    - i) Will include dedicated voting seats for
      - (1) CBJ P&R Director
      - (2) GSC
      - (3) CBJSD appointee
      - (4) 6 community members, (three appointed by the Assembly, and three self-appointed?)
  - c) Monthly meetings to be held which will be attended by the Branch Director
- 9) All staff to be employed by Y
  - a) All existing positions to be hired by Y
  - b) Existing staff pay rates will continue unless duties indicate that higher salaries are warranted
  - c) New employee rates to be set by Y
  - d) Y to provide employee health plan offered to its other employees
  - e) Y to offer employee retirement plan offered to its other employees
  - f) Branch Director will manage local Y operations. Will report to local board. Y GM supports the Branch Director as necessary.
- 10) Staffing levels to be determined by Y based on best practices and with a focus on the highest levels of safety

11) Administration

- a) Y will perform all administration of the facilities including:
  - i) Providing for insurance
  - ii) Payroll services
  - iii) Accounting services
  - iv) Billing and cash collections – membership and programming
  - v) Financial reporting to the local board on progress against budget and prior periods
  - vi) HR including recruiting and hiring.
  - vii) Benefit plan administration
  - viii) Other necessary administrative activities

12) Marketing and Revenue

- a) Y to deploy a marketing campaign to ensure that the public is attracted to join and use the aquatics facility
- b) Y will deploy a website and engage in social media activities
- c) Y will perform all membership and billing activities
- d) Signage – Y will work for obtain a grant to help pay for it. Dual presentation of CBJ and Y logos. “City owned”.

13) Facility Maintenance:

- a) Interior Building and Routine and Preventative Maintenance (based on a list developed in conjunction with the Y and the CBJ) to be performed by the Y
- b) Interior Building Corrective Maintenance and Equipment replacement (HVAC, Electric systems, Doors & Windows, and etc.) to be performed by CBJ
- c) Pool Equipment Routine and Preventative Maintenance (based on a list developed in conjunction with the Y and the CBJ) to be performed by the Y
- d) Pool Equipment Corrective Maintenance and replacement to be provided by CBJ
- e) Exterior of Buildings to be maintained by CBJ
- f) Parking lots to be maintained by CBJ (including snowplowing-winter maintenance)
- g) Annual / major maintenance to be provided by CBJ building maintenance
- h) All asset and capital replacement to be provided by CBJ
- i) Y will interact with CBJ engineering relative to ongoing CIP and major maintenance needs including but not limited to the annual repair and replacement activities, and planned major renovation to ABP.

14) Insurance

- a) Commercial General and Liability insurance provided by YMCA
- b) Automobile policy provided by YMCA
- c) Umbrella or Excess Liability provided by YMCA
- d) E&O for community board provided by YMCA
- e) Workers compensation for employees provided by YMCA

15) Security and Safety of Users

- a) Y will provide for adequate staffing and measures to ensure for the safety and security of guests during business hours.
- b) CBJ will provide any after-hours security as it does for any other public facility.

16) Membership

- a) YMCA membership program to be extended to local members enabling use of other Y's.

17) YMCA to be reimbursed for administrative costs.

- a) Y will be paid quarterly at the beginning of the quarter for CBJ support. Quarterly, Y will report to CBJ differences between actual and expected results to determine whether adjustments to support needed going forward.





## Footnotes:

--- (1) ---

**Editor's note—** It should be noted that section 3 of Serial No. 2015-23(b), adopted April 27, 2015, provided that this chapter shall be automatically repealed on May 28, 2018.

## 67.10.010 - Board of directors.

- (a) The aquatics board shall consist of seven voting members appointed by the assembly to serve without compensation for staggered three-year terms, and one liaison from the Juneau School District. The liaison shall not have the power to vote or be counted in determining whether a quorum of the board is present. Members of the board shall serve at the pleasure of the assembly. Terms shall commence on July 1. Appointments to fill vacancies shall be for the unexpired term. In the event a seat has six months or less remaining to the unexpired term, the assembly, at its discretion, may choose to appoint the member to the remainder of the current term as well as to the full term immediately following the expiration date of the unexpired term. No board member who has served for three consecutive terms or nine years shall again be eligible for appointment until one full year has intervened, provided, however, that this restriction shall not apply if there are no other qualified applicants at the time reappointment is considered by the assembly.
- (b) No board member, or member of a board member's immediate family or household, may be employed by an aquatics facility owned by the City and Borough. To the extent possible, appointments to the aquatics board shall include persons having skills relevant to matters concerning the aquatics facilities. No more than two members of the aquatics board shall be a member or employee of any local swim organization, or the immediate family member of any member or employee of any local swim organization.

( Serial No. 2015-23(b), § 2, 4-27-2015 )

## 67.10.020 - General powers.

- (a) Subject to state laws and City and Borough ordinances, the aquatics board shall generally exercise all powers necessary and incidental to the operation and maintenance of the municipally owned aquatics facilities according to the best interests of the public and in a sound business manner. The aquatics board:
  - (1) Shall be responsible for the operation, maintenance, development and marketing of the municipally owned and operated aquatics facilities, except as otherwise provided by the assembly by resolution.
  - (2) Shall prescribe the terms under which persons and groups may use the aquatic facilities under the board's management and establish and enforce standards of operation.
  - (3) May adopt regulations pursuant to CBJ 01.60 necessary for the administration of the aquatics facilities under the board's management.
- (b) The aquatics facilities shall conform to the City and Borough Personnel Management Code, the City and Borough Personnel Rules, Personnel Classification Plan, and the City and Borough Manager's Administrative Policies. The aquatics facilities shall utilize the services of the human resources and



risk management department when hiring or terminating any employee, when responding to grievances, in labor agreement negotiation, and in substantial disciplinary matters.

- (c) All legal services for the aquatics board and aquatics facilities shall be provided by or under the supervision of the municipal attorney.

( [Serial No. 2015-23\(b\), § 2, 4-27-2015](#) )

#### 67.10.030 - Organization.

The aquatics board shall elect annually from its members a chair and vice-chair and such other officers as it deems necessary. The board may establish an executive committee with authority to act on behalf of the board and may appoint such other committees as it deems necessary.

( [Serial No. 2015-23\(b\), § 2, 4-27-2015](#) )

#### 67.10.040 - Vacancies.

- (a) A vacancy in the aquatics board shall exist under the following conditions:
  - (1) If a person appointed to membership fails to qualify and take office within 30 days of appointment;
  - (2) If a member departs from the City and Borough with the intent to remain away for a period of 90 or more days;
  - (3) If a member submits his or her resignation to the board or assembly;
  - (4) If a member is unable to attend regular board meetings for a period of more than 90 days;
  - (5) If a member misses more than 40 percent of the regular board meetings in a 12-month period;  
or
  - (6) If a member is removed by the assembly, in its sole discretion, for the convenience of the City and Borough.
- (b) For the purposes of counting attendance, a member participating telephonically in accordance with the assembly rules of procedure shall be counted as present.
- (c) The chair of the aquatics board shall notify the clerk's office of any vacancy on the board. Upon notification, the assembly shall appoint a new member for the unexpired term.

( [Serial No. 2015-23\(b\), § 2, 4-27-2015](#) )

#### 67.10.050 - Meetings.

The aquatics board shall meet at least once each month at an accessible location and time to be designated by the board.

( [Serial No. 2015-23\(b\), § 2, 4-27-2015](#) )

#### 67.10.060 - Membership in associations.

The aquatics board may maintain membership in any local, state or national group or association organized and operated for the promotion of swimming or for the safety of pools or the advancement of the efficiency of pool system administration.

( [Serial No. 2015-23\(b\), § 2, 4-27-2015](#) )

67.10.070 - Manager designated.

The chief executive officer of the aquatics facilities shall be the parks and recreation department director.

( [Serial No. 2015-23\(b\), § 2, 4-27-2015](#) )

67.10.080 - Director; duties and responsibilities.

The director is responsible for the overall supervision of the municipally-owned aquatics facilities under the aquatics board's management. The director's authority and duties shall include the following:

- (1) To be responsible for carrying out all applicable laws, ordinances and regulations.
- (2) To be responsible for carrying out policies established by the aquatics board not in conflict with policies established or adopted by the assembly or manager.
- (3) To prepare an annual budget as required by City and Borough ordinance.
- (4) To attend all meetings of the aquatics board and its standing committees except as otherwise directed by the board and not otherwise conflicting with other duties of the position of parks and recreation director.

( [Serial No. 2015-23\(b\), § 2, 4-27-2015](#) )

67.10.090 - Schedule of fees and charges.

- (a) A schedule of fees and charges for use of the aquatic facilities shall be approved by the aquatics board annually or more often as the need may arise. All such board approvals shall be forwarded immediately to the City and Borough municipal clerk who shall transmit them to the assembly.
- (b) All charges approved by the aquatics board shall become effective upon board approval unless the board of directors sets a later effective date. The assembly, by motion or resolution, may change any fee or charge approved by the aquatics board.

( [Serial No. 2015-23\(b\), § 2, 4-27-2015](#) )

67.10.100 - Preparation and submission of budget.

The director shall prepare the budget in accordance with approved City and Borough procedure and shall submit it to the aquatics board for approval. The operating portion of the budget submitted by the aquatics board shall, to the extent practical given safety concerns and maximizing operating hours of the pools, minimize its general fund subsidy. The aquatics board shall make its recommendations and submit the budget to the City and Borough manager for transmittal to the assembly in the same manner as general government departments.

( [Serial No. 2015-23\(b\), § 2, 4-27-2015](#) )

67.10.110 - Other fiscal matters.

All other fiscal matters including custody of and expenditure of funds, accounting and collection shall be governed by general City and Borough ordinance.

( [Serial No. 2015-23\(b\), § 2, 4-27-2015](#) )

**City and Borough of Juneau**  
**ASSEMBLY FINANCE COMMITTEE**  
**General Obligation Bond Refunding - Ordinance 2018-09**  
**March 14, 2018**

**Issue:**

The attached ordinance 2018-09 would authorize the issuance of up to \$5.5 million in bonds to refund (refinance) the 2008 A & B general obligation school bonds, including the cost of issuance. The original \$39.5 million in bonds were sold in July 2008. The original bonds were sold directly into the market by CBJ but the refunding is being via a “direct placement” with a national bank, Wells Fargo.

**Background:**

The majority of CBJ school bonds are sold with no ability to refinance the bonds for 10 years. The 2008 A & B bonds are eligible to be refinanced beginning in May 2018. In the recent past CBJ has utilized the Alaska Municipal Bond Bank (AMBB) for bond issue but AMBB does not currently have a bond sale scheduled. CBJ Finance Director inquired of the CBJ bond counsel, K&L Gates, and the executive director of AMBB about utilizing the direct-placement approach.

**Current Status:**

Bond counsel recommended that CBJ get experience with this approach as it is important to have multiple paths to meeting CBJ’s financing needs. This process can be more streamlined than selling bonds directly into the financial markets. Though the cost of issuance (\$52,000 in this transaction) may be a little higher as AMBB generally covers some of the issuance costs for local governments. The AMBB ED stated direct-placement can be a good option if the appropriate level of savings is achieved (after covering all costs). The Government Finance Officers Association (GFOA) recommends a minimum savings of 3% of value of the bonds being refinanced. In this transaction the savings is projected to be 5.2%, substantially above the minimum threshold.

If CBJ issues the refunding bonds in May 2018 the refunding will result in an estimated total savings of \$262,000 over the remaining life of the bonds. The term of the new issue will be the same as the original (final payment June 2023).

These bonds qualify for 70% reimbursement under the state’s School Construction Bond Debt Reimbursement Program. However, the reimbursement under the State’s Debt Reimbursement Program is subject to annual appropriation by the Legislature. The debt service component of the property tax mill rate funds the remaining portion of the payments.

Ordinance 2018-09 was introduced at the Assembly meeting on March 5, 2018 and is currently scheduled for Public Hearing and assembly action April 2, 2018.

**Recommendation:**

The Finance Committee recommend the assembly adopt the bond refunding ordinance.

Presented by: The Manager  
 Introduced: 03/05/18  
 Drafted by: Bond Counsel

**ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA**

**Serial No. 2018-09**

**An Ordinance Providing for the Issuance and Sale of a General Obligation School Refunding Bond in the Aggregate Principal Amount of Not to Exceed \$5,500,000; and Providing the Form and Terms of the Bond and for Unlimited Tax Levies to Pay the Bond.**

WHEREAS, the City and Borough of Juneau (the “City and Borough”) issued its General Obligation School Bonds, 2008A, under date of July 9, 2008 (the “2008A Bonds”) pursuant to Ordinance Serial No. 2008-16(b) and Resolution Serial No. 2447 (together, the “2008 Bond Ordinance”), currently outstanding in the principal amount of \$7,760,000 and maturing in principal amounts as follows:

Maturity Years (June 1)	Principal Amounts	Interest Rates
2018	\$3,970,000	4.50%
2019	695,000	4.50
2020	725,000	4.50
2021	755,000	4.50
2022	790,000	4.60
2023	825,000	4.60

; and

WHEREAS, the 2008A Bonds maturing on and after June 1, 2019 are callable in whole or part on June 1, 2018 (the “2008A Refunded Bonds”), and on any date thereafter at a price of par plus accrued interest to the date of redemption; and

WHEREAS, the City and Borough issued its General Obligation School Bonds, 2008B (Taxable), under date of July 9, 2008 (the “2008B Bonds”) pursuant to the 2008 Bond Ordinance, currently outstanding in the principal amount of \$1,415,000 and maturing in principal amounts as follows:

Maturity Years (June 1)	Principal Amounts	Interest Rates
2018	\$ 200,000	5.875%
2019	215,000	5.875
2020	230,000	5.875
2021	245,000	5.875
2022	255,000	5.875
2023	270,000	5.875

; and

WHEREAS, the 2008B Bonds maturing on and after June 1, 2019 are callable in whole or part on June 1, 2018 (the “2008B Refunded Bonds,” and together with the 2008A Refunded Bonds, the “Refunded Bonds”), and on any date thereafter at a price of par plus accrued interest to the date of redemption; and

WHEREAS, the Charter and Code of the City and Borough permit the City and Borough to issue refunding bonds without an election; and

WHEREAS, the Assembly has received the term sheet of Wells Fargo Bank, N.A. (the “Bank”) and finds that it is in the best interest of the City and Borough to sell the bond herein authorized to the Bank on the terms and conditions set forth therein and herein to refund the Refunded Bonds;

NOW, THEREFORE, 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. Definitions.** As used in this ordinance, the following words shall have the following meanings:

***Acquired Obligations*** means the Government Obligations acquired by the City and Borough under the terms of this ordinance and the Escrow Agreement to effect the defeasance and refunding of the Refunded Bonds.

***Assembly*** means the Assembly of the City and Borough of Juneau, Alaska as the same shall be duly and regularly constituted from time to time or any successor body.

***Bank*** means Wells Fargo Bank, N.A., or any other wholly owned subsidiary of Wells Fargo Bank, N.A., or its permitted assigns.

***Bank Qualified Adjustment Date*** means the date of (a) any determination, decision, decree or advisement by the Commissioner of Internal Revenue, or any District Director of Internal Revenue or any court of competent jurisdiction to the effect that the Bond no longer qualifies as a “qualified tax exempt obligation” under Section 265(b)(3) of the Code, or (b) the

delivery to the Bank or the City and Borough of an opinion of counsel delivered by Bond Counsel to the effect that the Bond no longer qualifies as a “qualified tax exempt obligation” under Section 265(b)(3) of the Code.

**Bank Qualified Adjustment Rate** shall have the meaning given such term in the Resolution.

**Base Rate** means the greatest of (i) the Bank’s Prime Rate plus 1%, (ii) the Federal Funds Rate plus 2%, or (iii) 7%.

**Bond Fund** means the “Debt Service Fund” of the City and Borough maintained pursuant to this ordinance.

**Bond Interest is Taxable** means that interest paid or to be paid on the Bond is or will be includable for federal income tax purposes in the gross income of the Bank or any other Registered Owner thereof, but excluding the inclusion of interest on such Bond as an item of tax preference for purposes of the calculation of an alternative minimum tax imposed on the Bank or such other Registered Owner.

**Bond Register** means the registration books for the Bond, maintained by the Bond Registrar, for the purpose of complying with the requirements of Section 149 of the Code and listing, inter alia, the names and addresses of all registered owners of the Bond.

**Bond Registrar** means the Finance Director, for the purposes of registering and authenticating the Bond, maintaining the Bond Register, and paying the principal of and interest on the Bond.

**Bond** means the City and Borough of Juneau, Alaska General Obligation School Refunding Bond, 2018, issued pursuant to this ordinance.

**Bond Year** means each one-year period that ends on the date selected by the City and Borough. The first and last Bond Years may be a shorter period. If no day is selected by the City and Borough before the earlier of the final maturity dates of the Bond or the date that is five years after the date of issuance of the Bond, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bond.

**City and Borough** means City and Borough of Juneau, Alaska, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Alaska.

**City Manager** means the city manager or interim city manager of the City and Borough.

**Code** means the federal Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

**Default Rate** means a rate per annum equal to the Base Rate plus 3% per annum.

***Determination of Taxability*** means (a) any determination, decision, decree or advisement by the Commissioner of Internal Revenue, or any District Director of Internal Revenue or any court of competent jurisdiction to the effect that Bond Interest is Taxable, or (b) the delivery to the Bank or any Registered Owner of an opinion of counsel, delivered by Bond Counsel, to the effect that Bond Interest is Taxable. A ***Determination of Taxability*** also shall be deemed to have occurred on the first to occur of the following:

- (i) the date when the City and Borough files any statement, supplemental statement, or other tax schedule, return or document, which discloses that Bond Interest is Taxable;
- (ii) the effective date of any federal legislation enacted or federal rule or regulation promulgated after the date of this ordinance which has the effect that Bond Interest is Taxable; or
- (iii) if upon sale, lease or other deliberate action within the meaning of Treas. Reg. § 1.141 2(d), the failure to receive an approving opinion.

***Escrow Agreement*** means the Escrow Deposit Agreement, if any, entered into by the City and Borough with the Escrow Agent to be dated as of the date of closing and delivery of the Bond.

***Escrow Agent*** means the financial institution, if any, selected pursuant to the conditions set forth in Section 10 of this ordinance.

***Event of Default*** means the occurrence of any of the following:

- (i) a failure to pay principal or interest on the Bond when due, as provided in this ordinance, and the Bond; or
- (ii) a failure by the City and Borough to comply with any of its obligations, or to perform any of its duties, under this ordinance or the Bond, which failure continues, and is not cured, for a period of more than 60 days after the Registered Owner has made written demand on the City and Borough to cure such failure; or
- (iii) a material misrepresentation to the Bank by the City and Borough in this ordinance or the Bond, as reasonably concluded by the Bank after investigation and discussion with the City and Borough; or
- (iv) the City and Borough shall in writing claim, or repudiate its obligations under, or initiate any legal proceedings to seek an adjudication that, any of the provisions that provide for the payment of principal of or interest on the Bond is not binding upon the City and Borough; or
- (v) any court of competent jurisdiction or other governmental authority with jurisdiction to rule on the validity of this ordinance or the Bond shall find or rule that any material provision of this ordinance or the Bond is not valid and binding on the City and Borough; or

(vi) An Event of Insolvency shall have occurred with respect to the City and Borough.

***Event of Insolvency*** means, with respect to the City and Borough, the occurrence of one or more of the following events:

(i) the issuance, under the laws of any state or under the laws of the United States of America, of an order of rehabilitation, liquidation or dissolution of the City and Borough;

(ii) the commencement by or against the City and Borough of a case or other proceeding seeking liquidation, reorganization or other relief with respect to the City and Borough or its debts under any bankruptcy, insolvency or other similar state or federal law now or hereafter in effect, including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for the City and Borough or any substantial part of its property or there shall be appointed or designated with respect to it, an entity such as an organization, board, commission, authority, agency or body to monitor, review, oversee, recommend or declare a financial emergency or similar state of financial distress with respect to it or there shall be declared or introduced or proposed for consideration by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it;

(iii) the making of an assignment for the benefit of creditors by the City and Borough;

(iv) the inability or failure of the City and Borough to generally pay its debts as they become due;

(v) the declaration of a moratorium with respect to the payment of the debts of the City and Borough;

(vi) the City and Borough shall admit in writing its inability to pay its debts when due;

(vii) the City and Borough is “insolvent” as defined in Section 101(32) of the United States Bankruptcy Code; or

(viii) the initiation of any action in furtherance of or to authorize any of the foregoing by or on behalf of the City and Borough.

***Finance Director*** means the director of the finance department of the City and Borough.

***Government Obligations*** means:

(a) Cash (United States currency or demand deposits insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in subparagraph (b)), or



(b) Noncallable indirect obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America, the payment of which is guaranteed by the United States of America.

**Net Proceeds**, when used with reference to the Bond, means the principal amount of the Bond, plus accrued interest and original issue premium, if any, and less original issue discount.

**Private Person** means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

**Private Person Use** means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a de minimis fee to cover custodial expenses.

**Redemption Date** means June 1, 2018.

**Refunded Bonds** means any or all of the 2008A Refunded Bonds and/or the 2008B Refunded Bonds.

**Registered Owner** means the person in whose name ownership of a Bond is identified in the Bond Register, initially Wells Fargo Bank, N.A., or wholly owned subsidiary of Wells Fargo Bank, N.A.

**Resolution** means the resolution of the Assembly adopted pursuant to Section 12 of this ordinance, prescribing the additional terms relating to the Bond, relating, *inter alia*, to the rate or rates of interest, including the additional payments to be made with respect to interest upon the prepayment of the Bond.

**Rule** means the SEC's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**Savings Target** means a dollar amount at least equal to three percent (3.0%) of the principal amount of the Refunded Bonds.

**SEC** means the United States Securities and Exchange Commission.

***Taxable Date*** means the date on which interest on the Bond is first includable in gross income of a Registered Owner (including, without limitation, any previous Registered Owner) thereof as a result of a Determination of Taxability.

***Taxable Rate*** shall have the meaning given such term in the Resolution..

***2008 Bond Ordinance*** means, collectively, Ordinance Serial No. 2008-16(b), passed by the Assembly on May 12, 2008 and Resolution Serial No. 2447, passed by the Assembly on June 23, 2008.

***2008A Bonds*** means the General Obligation School Bonds, 2008A, of the City and Borough issued under date of July 9, 2008, and presently outstanding in the aggregate principal amount of \$7,760,000.

***2008B Bonds*** means the General Obligation School Bonds, 2008B (Taxable), of the City and Borough issued under date of July 9, 2008, and presently outstanding in the aggregate principal amount of \$1,415,000.

***2008A Refunded Bonds*** means any or all of the 2008A Bonds maturing on or after June 1, 2019, designated by the Finance Director pursuant to Section 12.

***2008B Refunded Bonds*** means any or all of the 2008B Bonds maturing on or after June 1, 2019, designated by the Finance Director pursuant to Section 12.

***Interpretation and Rules of Interpretation.***

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this ordinance; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this ordinance as a whole and not to any particular Article, Section or subdivision hereof.

**Section 3. Authorization of Bond.** For the purpose of refunding the Refunded Bonds and paying the costs of issuance of the Bond, the City and Borough shall issue its general obligation school refunding bond in the aggregate principal amount of not to exceed \$5,500,000, but in any event providing no more than \$5,500,000 in net proceeds (principal amount plus premium, if any, less costs of issuance) (the “Bond”). The Bond shall be dated as of the date established pursuant to Section 12, shall be fully registered as to both principal and interest, shall

be issued as a single fully registered bond, and shall be numbered in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification, and shall bear interest from its date payable on the dates and rate set forth in the Bond, and shall come due on the dates set forth in the Bond of the following years in the following estimated principal installments:

Maturity Year	Amount
2019	\$ 955,500
2020	987,500
2021	1,013,500
2022	1,037,000
2023	1,064,000

Total: \$5,057,500\*

\* Principal maturities do not add to \$5,500,000, as that is a not to exceed amount.

At the time of sale, the City Manager or his/her designee may increase or decrease the foregoing estimated principal amounts in any year by 25%, *provided, however*, in the aggregate, the Bond shall be issued in principal amounts that provide no more than \$5,500,000 (principal amount plus premium, if any, less costs of issuance) in net proceeds or \$5,500,000 in principal amount, whichever is less.

If an Event of Default is continuing, the Registered Owner may increase the interest rate on the Bond to the Default Rate by notice to the City and Borough and the Bond Registrar. The Default Rate will be in effect while the Event of Default is continuing. In addition, in the Event of Default the Registered Owner may exercise any remedy available at law or in equity, other than acceleration. No remedy shall be exclusive. The Registered Owner may waive any Event of Default, but no such waiver shall extend to a subsequent Event of Default. If the Registered Owner reasonably incurs any expenses in connection with enforcing its rights under this Section, the City and Borough shall pay to the Registered Owner, on demand, the Registered Owner's reasonable costs and reasonable attorneys' fees, whether at trial, on appeal or otherwise, including any allocated costs of in-house counsel.

Notwithstanding anything to the contrary herein, (i) from and after any Taxable Date, the interest rate on the Bond shall be established at a rate equal to the Taxable Rate, (ii) from and after any Bank Qualified Adjustment Date, the interest rate on the Bond shall be established at a rate equal to the Bank Qualified Adjustment Rate, and (iii) subject to the interest rate limitations above of this Ordinance, upon the occurrence and continuation of any Event of Default, from and after the effective date of such Event of Default, the interest rate on the Bond shall be established at a rate equal to the Default Rate. In the event that more than one of a Taxable Date, a Bank Qualified Adjustment Date and an Event of Default have occurred, the interest rate on the Bond shall be established at a rate equal to the greatest of (a) the Default Rate, if any Event of Default has occurred, (b) the Taxable Rate, if a Taxable Date has occurred, (c) the Bank Qualified Adjustment Rate, if a Bank Qualified Adjustment Date has occurred, and (d) the interest rate that otherwise would be applicable to the Bond but for the provisions of this paragraph.

Additional provisions relating to the interest rate on the Bond may be set forth in the Resolution.

The determination of the interest rate on the Bond, and its calculation of the amount of interest due for any period, by the Bank shall be conclusive and binding upon the City and Borough and the Registered Owner absent manifest error.

**Section 4. Registration, Exchange and Payments.** The Finance Director shall act as authenticating agent, paying agent and registrar for the Bond (collectively, the “Bond Registrar”). Both principal of and interest on the Bond shall be payable in lawful money of the United States of America. Interest on the Bond shall be calculated on the basis of a 360-day year and twelve 30-day months. Payments of principal of and interest on the Bond will be made by check or draft of the Bond Registrar mailed on the date such principal and interest is due or by electronic funds transfer made on such due date to the registered owner at the address appearing on the Bond Register. Upon payment of the final installment of principal of and interest on the Bond, the Bond shall be presented and surrendered by the Registered Owner at the principal office of the Bond Registrar for cancellation.

The Bond may only be transferred in whole and must be in compliance with the securities laws of the United States of America and only to (i) an affiliate of the Bank, (ii) a trust or other custodial arrangement established by the Bank, the owners of the beneficial interests in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, or (iii) a person that is a qualified institutional buyer and a commercial bank having capital and surplus, determined as of the date of any transfer, of \$5,000,000,000 or more that has executed and delivered to the Bank and City and Borough investor letters in the form of Exhibit A hereto. The persons and entities identified in clauses (i) and (ii) of the foregoing sentence shall be referred to as the “Eligible Transferee(s).” Notwithstanding the foregoing, if the principal amount of the outstanding Bond is less than \$250,000.00, the Bond may not be transferred to any Eligible Transferee without the prior written consent of the City and Borough.

The City and Borough covenants that, until the Bond has been surrendered and canceled, it will maintain a system for recording the ownership of the Bond that complies with the provisions of Section 149 of the Code.

The City and Borough may deem the person in whose name the Bond is registered to be the absolute owner thereof for the purpose of receiving payment of the principal of and interest on such Bond and for any and all other purposes whatsoever.

**Section 5. Prepayment.** The City and Borough reserves the right to prepay principal of the Bond, in whole, at any time upon the payment of the Prepayment Fee (as calculated pursuant to Exhibit B hereto); provided, however, that a Prepayment Fee shall not be required in the event that the City and Borough optionally prepays the Bond due to and following the occurrence of a Taxable Date or a Bank Qualified Adjustment Date. The City and Borough shall provide the Bank with at least 30 (but not more than 60) days prior notice of any such prepayment.

**Section 6. Form of Bond.** The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. \_\_\_\_\_ \$ \_\_\_\_\_

STATE OF ALASKA

CITY AND BOROUGH OF JUNEAU  
GENERAL OBLIGATION SCHOOL REFUNDING BOND, 2018

INTEREST RATE: \_\_\_\_\_%

MATURITY DATE: JUNE 1, 2023

REGISTERED OWNER: WELLS FARGO BANK, N.A.  
\_\_\_\_\_  
\_\_\_\_\_

TAX IDENTIFICATION #: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ THOUSAND AND NO/100 DOLLARS

THE CITY AND BOROUGH OF JUNEAU, ALASKA (the “City and Borough”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount indicated above in accordance with the installment payment schedule set forth below (unless prepaid prior thereto as provided herein) and to pay interest thereon from \_\_\_\_\_, 20\_\_, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the interest rates set forth below, payable on \_\_\_\_\_ 1, 20\_\_ and semiannually thereafter on the first day of each \_\_\_\_\_ and \_\_\_\_\_.

Date	Principal Amount	Interest Amount	Total
	\$		

Both principal of and interest on this bond are payable in lawful money of the United States of America. Installments of principal of and interest on this bond shall be paid to the Registered Owner at the address appearing on the Bond Register as set forth in the Bond Ordinance (as defined below), and principal of this bond shall be payable upon presentation and surrender of this bond by the Registered Owner at the principal office of the Finance Director of the City and Borough of Juneau, Alaska (the “Bond Registrar”).

The interest rate on this bond is subject to increase upon an Event of Default, Determination of Taxability or the occurrence of a Bank Qualified Adjustment Date, as set forth in the Bond Ordinance.

This bond is a general obligation bond of the City and Borough and is issued pursuant to Ordinance Serial No. 2018-09 of the City and Borough (the “Bond Ordinance”) for the purpose of refunding certain outstanding general obligation school bonds of the City and Borough. Capitalized terms used in this bond and not otherwise defined herein have the meanings given such terms in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar.

This bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Alaska and ordinances duly adopted by the Assembly, including the Bond Ordinance.

This bond is subject to prepayment as stated in the Bond Ordinance.

This Bond may only be transferred in whole to (i) an affiliate of the Bank, (ii) a trust or other custodial arrangement established by the Bank or one of its affiliates, the owners of the beneficial interests in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, or (iii) a person that is a qualified institutional buyer and a commercial bank having capital and surplus, determined as of the date of any transfer, of \$5,000,000,000 or more that has executed and delivered to the Bank and City and Borough investor letters in the form of Exhibit A to the Bond Ordinance. The persons and entities identified in clauses (i) and (ii) of the foregoing sentence shall be referred to as the “Eligible Transferee(s).” Notwithstanding the foregoing, if the principal amount of the outstanding Bond is less than \$250,000, the Bond may not be transferred to any Eligible Transferee without the prior written consent of the City and Borough.

The City and Borough has obligated and bound itself to make annual levies of ad valorem taxes upon all the taxable property within the City and Borough, without limitation as to rate or amount, in amounts sufficient, together with such other moneys of the City and Borough available for such purposes as the Assembly of the City and Borough may, from time to time, appropriate and make available to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the City and Borough are hereby irrevocably pledged for the levy of such taxes and the prompt payment of such principal and interest. The pledge of tax levies for payment of principal of and interest on the bond may be discharged prior to maturity of the bond by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

The bond is not a “private activity bond” as such term is defined in the Internal Revenue Code of 1986, as amended (the “Code”). The City and Borough has designated the bond as a

“qualified tax-exempt obligation” under Section 265(b) of the Code for investment by banks, thrift institutions and other financial institutions.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Alaska to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City and Borough may incur.

IN WITNESS WHEREOF, the City and Borough of Juneau, Alaska has caused this bond to be executed by the manual or facsimile signature of its City Manager or his/her designee and attested by the manual or facsimile of the Clerk, and the official seal of the City and Borough to be impressed, imprinted or otherwise reproduced hereon, as of this \_\_\_\_ day of \_\_\_\_\_, 2018.

CITY AND BOROUGH OF  
JUNEAU, ALASKA

By \_\_\_\_\_ /s/ manual or facsimile  
City Manager or Designee

ATTEST:

\_\_\_\_\_/s/ manual or facsimile  
Clerk

The Certificate of Authentication for the Bond shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This bond is the General Obligation School Refunding Bond, 2018 of the City and Borough of Juneau, Alaska, dated \_\_\_\_\_, 2018, and described in the within-mentioned Bond Ordinance.

Finance Director, City and Borough of Juneau,  
Alaska, as Bond Registrar

By \_\_\_\_\_  
Authorized Signer

**Section 7. Execution of Bond.** The Bond shall be executed on behalf of the City and Borough with the manual or facsimile signature of the City Manager or his/her designee, shall be attested by the manual or facsimile signature of the City and Borough Clerk, and the seal of the

City and Borough shall be impressed or a facsimile thereof imprinted or otherwise reproduced thereon.

Only such Bond as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bond so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bond shall cease to be officer or officers of the City and Borough before the Bond so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City and Borough, such Bond may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City and Borough as though those who signed the same had continued to be such officers of the City and Borough. Any Bond may also be signed and attested on behalf of the City and Borough by such persons who are at the actual date of delivery of such Bond the proper officers of the City and Borough although at the original date of such Bond any such person shall not have been such officer of the City and Borough.

**Section 8. Lost, Stolen, Destroyed or Mutilated Bond.** In case the Bond shall at any time become mutilated or be lost, stolen or destroyed, the City and Borough in the case of a mutilated Bond shall, and in the case of a lost, stolen or destroyed Bond in its discretion may, execute and deliver a new Bond of the same interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender and cancellation of such mutilated Bond, or in lieu of or in substitution for such destroyed, stolen or lost Bond, or if such stolen, destroyed or lost Bond shall have matured, instead of issuing a substitute therefor, the City and Borough at its option pay the same without the surrender thereof. Except in the case where a mutilated Bond is surrendered, the applicant for the issuance of a substitute Bond shall furnish to the City and Borough evidence satisfactory to it of the theft, destruction, or loss of the original Bond, and of the ownership thereof, and also such security and indemnity as may be required by the City and Borough, and no such substitute Bond shall be issued unless the applicant for the issuance thereof shall reimburse the City and Borough for the expenses incurred by the City and Borough in connection with the preparation, execution, issuance, and delivery of the substitute Bond, and any such substitute Bond shall be equally and proportionately entitled to the security of this ordinance with all other bonds issued hereunder, whether or not the Bond alleged to have been lost, stolen or destroyed shall be found at any time or be enforceable by anyone.

**Section 9. Pledge of Taxes and Credit.** The City and Borough hereby irrevocably covenants that, unless the principal of and interest on the Bond are paid from other sources, it will make annual levies of taxes without limitation as to rate or amount upon all of the property in the City and Borough subject to taxation in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the City and Borough are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. There is maintained in the office of the Finance Director a special fund of the City and Borough known as the "Debt Service Fund" (the "Bond Fund"), for the sole purpose of paying the principal of and interest on the Bond and all



other general obligation bonds of the City and Borough. Accrued interest, if any, received at the time of delivery of the Bond shall be paid into the Bond Fund.

The City and Borough hereby irrevocably covenants and pledges for as long as the Bond is outstanding that it will make provision for the payment of the principal of and interest on the Bond in its annual budgets and further covenants that it will make annual levies of ad valorem taxes, for payment into the Bond Fund, upon all the property within the City and Borough subject to taxation, without limitation as to rate or amount, in amounts sufficient, with such other moneys available for such purposes as the Assembly from time to time may appropriate and order transferred to the Bond Fund, to pay the principal of and interest on the Bond as the same shall be come due and payable.

**Section 10. Refunding Plan and Call For Redemption of the Refunded Bonds.**

(a) *Refunding Plan.* A portion of the proceeds of sale of the Bond in the dollar amount certified by the City and Borough shall be delivered either to the Escrow Agent or the bond registrar for the Refunded Bonds for the purpose of defeasing the Refunded Bonds. The remaining portion of the proceeds of the sale of the Bond shall be delivered to the City and Borough for the purpose of paying related costs of issuance of the Bond.

Money received by the Escrow Agent or bond registrar for the Refunded Bonds from Bond proceeds and other money provided by the City and Borough, shall be used immediately upon receipt thereof in accordance with the terms of the Escrow Agreement, if any, or the letter of the City and Borough to defease the Refunded Bonds as authorized by the 2008 Bond Ordinance. The City and Borough shall defease the Refunded Bonds and discharge such obligations by the use of money deposited with the Escrow Agent, or the bond registrar for the Refunded Bonds, held as cash or used to purchase certain Government Obligations (which obligations so purchased, are herein called "Acquired Obligations"), bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of each of the following bonds that have been designated as "Refunded Bonds":

- (1) interest on the Refunded Bonds coming due on each date on which interest is due and payable, to and including the Redemption Date; and
- (2) the redemption price of the Refunded Bonds (100% of the principal amount thereof) on the Redemption Date.

If needed, the Finance Director is hereby requested and directed to solicit proposals from financial institutions to serve as the Escrow Agent for the Refunded Bonds (the "Escrow Agent") and to select a financial institution to serve as Escrow Agent.

In order to carry out the purposes of this section, the Finance Director is authorized and directed to execute and deliver to the Escrow Agent an Escrow Deposit Agreement when the provisions thereof have been fixed and determined.

(b) *Call for the Redemption of the Refunded Bonds.* The City and Borough hereby irrevocably sets aside sufficient funds out of the cash or purchase of Acquired Obligations from proceeds of the Bond to make the payments described in Section 10(a) of this ordinance.

The City and Borough hereby irrevocably calls the Refunded Bonds for redemption on the Redemption Date, in accordance with the provisions of the 2008 Bond Ordinance authorizing the redemption and retirement of the Refunded Bonds prior to their fixed maturities.

Said call for redemption of the Refunded Bonds shall be irrevocable after the bond registrar for the Refunded Bonds has received the Bond proceeds or after the final establishment of the escrow account and delivery of the Acquired Obligations to the Escrow Agent.

The Escrow Agent or bond registrar for the Refunded Bonds is hereby authorized and directed to provide for the giving of a notice of the redemption of the Refunded Bonds in accordance with the applicable provisions of the 2008 Bond Ordinance. The Finance Director is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of publication of such notice shall be an expense of the City and Borough.

The City and Borough will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent shall be paid when due.

## **Section 11. Tax Covenants.**

(a) *Arbitrage Covenant.* The City and Borough hereby covenants that it will not make any use of the proceeds of sale of the Bond or any other funds of the City and Borough which may be deemed to be proceeds of the Bond pursuant to Section 148 of the Code and the applicable regulations thereunder which, if such use had been reasonably expected on the dates of delivery of the Bond to the initial purchasers thereof, would have caused such Bond to be "arbitrage bonds" within the meaning of said section and said regulations. The City and Borough will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Bond.

(b) *Private Person Use Limitation for the Bond.* The City and Borough covenants that for as long as the Bond is outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Bond to be used for any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Bond in a Bond Year to be directly or indirectly (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City and Borough) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The City and Borough further covenants that, if:

(3) More than five percent of the Net Proceeds of the Bond is to be used for any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bond in a Bond Year are (under the terms of this ordinance or any underlying arrangement) directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City and Borough) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the projects refinanced by the Bond, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bond used for the state or local governmental use portion of the project to which the Private Person Use of such portion of the project relates. The City and Borough further covenants that it will comply with any limitations on the use of the projects refinanced by the Bond by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax status of the Bond. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bond. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the City and Borough's bond counsel that such modification or elimination will not adversely affect the tax status of the Bond.

(c) *Special Designation.* The City and Borough hereby designates the Bond as a "qualified tax-exempt obligation" for purchase by financial institutions pursuant to Section 265(b) of the Code. The City and Borough does not anticipate that it will issue more than \$10,000,000 in qualified tax-exempt obligations during the year 2018 (excluding obligations permitted by the Code to be excluded for purposes of the City and Borough's qualification as a qualified small issuer).

## **Section 12. Designation of Refunded Bonds; Sale of Bond.**

(a) *Designation of Refunded Bonds.* As outlined in Section 2 and Section 10 of this ordinance, the 2008A Refunded Bonds and the 2008B Refunded Bonds may be called for redemption prior to their scheduled maturities. All or some of the 2008A Refunded Bonds and/or 2008B Refunded Bonds may be refunded with the proceeds of the Bond authorized by this ordinance. The City Manager or his/her designee may select some or all of the 2008A Refunded Bonds and/or 2008B Refunded Bonds and designate those 2008A Refunded Bonds and 2008B Refunded Bonds as the "Refunded Bonds" if and to the extent that the net present value aggregate savings with respect to all Refunded Bonds to be realized as a result of the refunding of the Refunded Bonds, after payment of all costs of issuance of the allocable Bond), is at least equal to the Savings Target.

(b) *Sale of Bond.* The City and Borough hereby ratifies and confirms its acceptance of the Bank's term sheet dated February 21, 2018, to purchase the Bond on the terms specified therein, but subject to the terms of this ordinance. The City Manager or his/her designee is authorized to negotiate and complete the sale of the Bond to the Bank on terms and conditions consistent with this ordinance and the Bond. Such terms and conditions, including the final principal amount, date, principal installment payment schedule, interest rates, and payment dates, all as provided for in this ordinance, shall be set forth in the Bond, all subject to the Assembly's approval by resolution (the "Resolution"), which Resolution may, at the option of the Assembly, provide for delegation within parameters approved by the Assembly. The proper City and Borough officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bond to the Bank and for the proper application and use of the proceeds of the Bond.

### **Section 13. Additional Covenants and Agreements of the City and Borough.**

(a) *Loan Treatment.* In addition to any other covenants and agreements of the City and Borough contained in this ordinance, the City and Borough further covenants and agrees that no placement agent or underwriter shall be involved in the sale and purchase of the Bond and that the Bond shall not be (i) assigned a rating by any credit rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) offered for sell pursuant to any type of offering document or official statement, or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service. The City and Borough further covenants that no prospectus, official statement, offering memorandum or other disclosure document shall be prepared and delivered in connection with the issuance and purchase of the Bond.

(b) *Information to Bank.* The City and Borough shall provide the Bank with a copy of the following: (i) as soon as available, and in any event within 210 days after the close of each fiscal year of the City and Borough, the audited financial statements of the City and Borough which shall be certified to the City and Borough by a certified public accountant as (A) having been prepared in accordance with GAAP (applied on a basis consistent with that of the preceding fiscal year) and (B) fairly presenting the financial condition of the City and Borough as of the end of such fiscal year and reflecting its operations during such fiscal year and (C) showing all material liabilities, direct or contingent, and disclosing the existence of any off-balance sheet liability, and shall include, without limitation, balance sheets, profit and loss statements and statements of cash flows, together with notes and supporting schedules, all on a consolidated and consolidating basis and in reasonable detail and including a copy of any management letter or audit report provided to the City and Borough by such certified public accountant within 30 days of receipt; (ii) as soon as available and in any event within 45 days of the beginning of each fiscal year, the annual operating budget of the City and Borough for such upcoming fiscal year. The operating budget shall include all amounts expected to be payable to the Bank in connection with the Bond in such fiscal year. Additionally, promptly after the adoption thereof, any amendments to the annual operating budget which may have an impact on any amount expected to be payable to the Bank; and (iii) as soon as available, any other relevant information reasonably requested by the Bank. Such information shall be made available to the Bank in the manner and form agreed upon to be acceptable to the Bank.

(c) *Right of Entry; Communication with State Auditor.* The City and Borough shall permit the duly authorized agents or representatives of the Bank during normal business hours and upon reasonable notice to visit and inspect any of the premises of the City and Borough, or any parts thereof, and to examine its financial and corporate books, records and accounts and to make copies thereof and extracts therefrom, and to discuss the City and Borough's affairs, finances, business and accounts with its officers, employees and agents.

(d) *Amendments.* The City and Borough shall not amend, modify or supplement, nor agree to any amendment or modification of, deviation from, or supplement to this Ordinance without the prior written consent of the Bank, or, if the Bank no longer owns the Bond, without the prior written consent of the Registered Owner of a majority of the outstanding principal amount of the Bond.

**Section 14. Severability.** If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City and Borough shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bond.

**Section 15. Effective Date.** This ordinance shall become effective thirty days after adoption.

ADOPTED this 2nd day of April, 2018.

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Ken Koelsch, Mayor

ATTEST:

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Laurie J. Sica, Clerk

## CERTIFICATE

I, the undersigned, Clerk of the City and Borough of Juneau, Alaska (the “City and Borough”), Do HEREBY CERTIFY:

1. That the attached ordinance is a true and correct copy of Ordinance Serial No. 2018-09 (the “Ordinance”) of the City and Borough as finally passed at a regular meeting of the Assembly of the City and Borough (the “Assembly”) held on the 2nd day of April, 2018, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such special meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Assembly voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of the Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of April, 2018.

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Laurie J. Sica, Clerk  
City and Borough of Juneau

EXHIBIT A

FORM OF INVESTOR LETTER

The undersigned, an authorized representative of the Bank, hereby represents to the City and Borough of Juneau, Alaska ("City and Borough"):

1. The Bank has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the City and Borough's General Obligation School Refunding Bond, 2018 ("Bond").

2. The Bank has authority to purchase the Bond and to execute this letter and any other instruments and documents required to be executed by the Bank in connection with the purchase of the Bond.

3. The undersigned is a duly appointed, qualified and acting representative of the Bank and is authorized to cause the Bank to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Bank.

4. The Bank is (a) an affiliate of Wells Fargo Bank, N.A., (b) a trust or other custodial arrangement established by Wells Fargo Bank, N.A. or one of its affiliates, the owners of the beneficial interests in which are limited to "qualified institutional buyers" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "1933 Act"), or (c) a qualified institutional buyer that is a commercial bank with capital and surplus of \$5,000,000,000 or more. The persons and entities identified in (a) and (b) of the foregoing sentence shall be referred to as the "Eligible Transferee(s)".

5. The Bank understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to the Bond. The Bank has made its own inquiry and analysis with respect to the City and Borough, the Bond and the security therefor, and other material factors affecting the security for and payment of the Bond.

6. The Bank acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, regarding the City and Borough, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City and Borough, the Bond and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase the Bond.

7. The Bank understands that the Bond (i) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (ii) is not listed on any stock or other securities exchange, and (iii) carries no rating from any credit rating agency.

8. The Bond is being acquired by the Bank for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Bank reserves

the right to sell, transfer or redistribute the Bond, but agrees that any such sale, transfer or distribution by the Bank shall be to a Person:

- (a) that is an affiliate of Wells Fargo Bank, N.A.;
- (b) that is a trust or other custodial arrangement established by Wells Fargo Bank, N.A. or one of its affiliates, the owners of any beneficial interest in which are limited to qualified institutional buyers or accredited investors; or
- (c) that is a qualified institutional buyer and a commercial bank having capital and surplus of \$5,000,000,000 or more.

9. Notwithstanding the foregoing, the Bond may not be transferred to any Eligible Transferee if the outstanding principal is less than \$250,000 without the prior written consent of the City and Borough.

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_



EXHIBIT B

CALCULATION OF PREPAYMENT FEE

The Prepayment Fee applicable to each Prepayment (as defined below) shall be calculated as set forth in this Exhibit B.

1. Capitalized terms used in this Exhibit B and not otherwise defined herein have the meanings assigned thereto in the Ordinance.

The following defined terms are used in this Exhibit B:

***Calculation Agent*** means Wells Fargo Bank, National Association or its affiliates or such other entity designated by the Bank.

***Day Count Fraction*** is the anticipated basis on which interest is to be computed on the Bond. The Day Count Fraction utilizes 30-day months and 360-day years.

***Interest Payment Frequency*** is the anticipated frequency of interest payments under the Bond. The Interest Payment Frequency is semi-annually, with interest to be paid on the each \_\_\_\_ 1 and \_\_\_\_ 1, commencing on \_\_\_\_ 1, 2018.

***Maturity Date*** means June 1, 2023.

***Prepayment*** means each optional redemption of all or any portion of the Bond prior to the Initial Index Rate Purchase Date.

***Prepayment Date*** means the date fixed for any Prepayment.

***Prepayment Fee*** means the premium required to be paid by the City and Borough in connection with any Prepayment, calculated as provided in this Exhibit B.

***Reference Rate*** means \_\_\_\_% per annum.

***Scheduled Date*** means each date specified on Schedule 1 hereto in the columns labeled Scheduled Date.

***Schedule of Principal Amounts*** means the anticipated principal amount of the Bond scheduled to be outstanding on the date the Bond is funded and on the Scheduled Dates. The Schedule of Principal Amounts for the Scheduled Dates is specified in Schedule 1 to this Exhibit B.

2. In connection with any Prepayment, a premium shall be paid by the City and Borough to the Bank if the Prepayment Fee is a positive number. No Prepayment Fee shall be

payable for a Prepayment if the Prepayment Fee for that Prepayment is a negative number. Prepayment Fees will be determined by the Calculation Agent, on the Business Day next preceding the Prepayment Date, as follows:

“**Prepayment Fee**” for any Prepayment is the difference of:

(i) the sum of the present values of a series of amounts computed for each Scheduled Date after the Prepayment Date through the Maturity Date, each of which amounts is equal to the product of (A) the Affected Principal Amount for the Affected Principal Period ending on that Scheduled Date, times (B) the Reference Rate times (C) the Day Count Fraction for such Affected Principal Period,

*minus*

(ii) the sum of the present values of a series of amounts computed for each Scheduled Date after the Prepayment Date through the Maturity Date, each of which amounts is equal to the product of (A) the Affected Principal Amount for the Affected Principal Period ending on that Scheduled Date, times (B) the Prepayment Rate, times (C) the Day Count Fraction for such Affected Principal Period,

*where:*

(1) the Calculation Agent computes such present values by discounting each such series of amounts described in clauses (i) and (ii) above from their respective Scheduled Date to the Maturity Date using a series of discount factors corresponding to those Scheduled Dates as determined by the Calculation Agent from the swap yield curve that the Calculation Agent would use as of the Prepayment Date in valuing a series of fixed rate interest rate swap payments similar to such series of amounts;

(2) the “**Affected Principal Amount**” for an Affected Principal Period is the principal amount of the Bonds reflected in the Schedule of Principal Amounts scheduled to be outstanding during that Affected Principal Period determined as of the relevant Prepayment Date by reference to such Schedule of Principal Amounts before giving effect to any Prepayment on that Prepayment Date, and for any Prepayment, multiplying each such principal amount times the Prepayment Fraction;

(3) the “**Affected Principal Period**” is each period from and including a Scheduled Date to but excluding the next succeeding

Scheduled Date; provided, however, if the Prepayment Date is not a Scheduled Date, the initial Affected Principal Period shall be the period from and including the Prepayment Date to but excluding the next succeeding Scheduled Date and the Affected Principal Amount for such initial Affected Principal Period shall be the amount stated in the Schedule of Principal Amounts Outstanding for the Scheduled Date next preceding the Prepayment Date;

(4) the “***Prepayment Fraction***” means, for each Scheduled Date, a fraction the numerator of which is the amount of the credit to be applied pursuant to the applicable provisions of the Bonds and the Agreement to reduce the amount of the payment otherwise due on such date and the denominator of which is the amount of the payment otherwise due on such date (without regard to such credit); and

(5) the “***Prepayment Rate***” for any Prepayment Date is the fixed rate the Calculation Agent determines is representative of what swap dealers would be willing to pay to the Calculation Agent (or, if required to be cleared under the Commodity Exchange Act or a Commodity Futures Trading Commission rule or regulation promulgated thereunder, to a swap clearinghouse) as fixed rate payors semi-annually in return for receiving one month LIBOR based payments monthly under interest rate swap transactions that would commence on such Prepayment Date, and mature on, or as close as commercially practicable to, the Maturity Date.

3. The Calculation Agent shall determine the Prepayment Fee hereunder with respect to each Prepayment reasonably and in good faith. The Calculation Agent’s determination in good faith shall be conclusive and binding except (i) in the case of manifest error or (ii) if the City and Borough demonstrates that the Calculation Agent has erred or used an unreasonable basis for determination of the Breakage Payment.

**SCHEDULE 1 TO EXHIBIT B**

**Scheduled Dates**

**Schedule of Principal  
Amounts**

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

**City and Borough of Juneau**  
**ASSEMBLY FINANCE COMMITTEE**  
**Marine Passenger Fee Recommendation Letter**  
**March 14, 2018**

**Issue:**

The attached memo provides the Manager's Recommendations for distribution of the FY19 Passenger Fee Proceeds.

**Background:**

The public process as outlined by CBJ Code has been completed.

**Current Status:**

The memo was provided to the Assembly Finance Committee on February 7, 2018. As requested, a column has been inserted in the attached spreadsheet to illustrate amounts approved during the FY17 process.

The Public comment period closed on February 16, 2018. Three (3) comments were received and are provided as attachments.

No further changes have been made to the FY19 Passenger Fee Proceeds memo since being presented to the AFC on February 7, 2018.

**Recommendation:**

The Finance Committee recommends the Manager include the contents of the MPF Recommendation letter in the FY19 Proposed operating and CIP Budgets.

# MEMORANDUM

CITY/BOROUGH OF JUNEAU

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


Rorie.Watt@juneau.org

Voice (907) 586-5240

Fax (907) 586-5385



DATE: January 17, 2018

FROM: Duncan Rorie Watt   
City and Borough Manager

SUBJECT: FY19 Passenger Fee Proceeds Recommendations - DRAFT

Based on our latest projection of passengers expected to visit this summer, the amount of revenue available in FY19 is anticipated to be \$5,750,000. Below are the descriptions of operating, grant or capital funding allocations that I am recommending for funding.

Attached to this memo is a spreadsheet that shows all of the funding requests submitted, the draft funding allocations recommendations, and prior fiscal year allocations. Also included in the spreadsheet are titles of requests that are not recommended for funding.

CBJ Code requires that the draft allocations be made available for public comment for 30 days beginning January 15<sup>th</sup>. This draft memo is being issued on January 17, 2018. Public comment will close on February 16, 2018.

## **OPERATIONS**

### **Identified Government Operations \$1,400,000**

On May 10, 2000, the Assembly Finance Committee approved a formula that reflects cruise ship passenger impacts on specific government services and is used to determine an amount of Marine Passenger Fee (MPF) proceeds to be used in support of identified government operations. In 2003, a full cost analysis was evaluated by Elgee, Rehfield and Mertz, LLC, and it was determined this formula provided a fair and accurate assessment of costs. The formula has not been adjusted since its initial creation.

### **JPD - Downtown Foot/Bike Patrol \$183.780**

This provides additional foot and bike patrol presence by Juneau Police Department (JPD) officers in the downtown area during the summer. JPD's presence is important to ensure the safety of visitors, provide assistance and direction, and mitigate problems that can occur between some of the regular downtown locals and summertime visitors.

### **Parks & Rec - Downtown Restroom Maintenance \$85,000**

This provides contractual services (labor and materials) required to clean the public restrooms in City Hall, Marine Parking Garage, Juneau Library, and the Downtown Transportation Center, seven days a week, six times per day, for five months during the summer.

**Seawalk Maintenance – Overstreet Park to Gold Creek \$33,600**

This provides partial support for Parks and Facilities Maintenance to maintain the park grounds, empty trash, maintain the park and seawalk structures.

**Public Works - Downtown Road Cleaning and Maintenance \$103,400**

Due to heavy summer use by visitors, the downtown sidewalks require extra cleaning and litter/garbage removal to keep them clean and safe. This funding provides for two summer seasonal employees to keep the sidewalks clean, empty downtown garbage containers and perform other services as needed on a daily basis to maintain the downtown core area in a presentable manner for our visitors.

**CCFR - Seasonal BLS/Firefighter Program \$220,600**

This funding pays for six seasonal EMTs from April 17 to September 30. Last summer staff responded to 489 calls and transported 340 patients. This funds the seasonal EMT's and the safety equipment, uniforms, fuel costs, consumable medical supplies, and training for the seasonal employees.

**Port of Juneau - Port Operations \$154,100**

The Docks and Harbors Board has requested funding to offset the costs and impacts of providing area wide services and support to cruise ship passengers. The Board reviewed its budget and apportioned expenses associated with those services and estimated that approximately 9% of the annual docks budget will be attributed to providing area wide service to cruise ship passengers.

**Customs Building Maintenance \$133,500**

The Port-Customs building will be occupied by the Department of Homeland Security-Customs Border Protection year-round and Docks and Harbors staff from April through October. Funding for this project also includes support for the new Visitors Center, which will be managed by the Juneau Convention and Visitors Bureau. Docks and Harbors is responsible for the year-round maintenance and operation of the facility, which includes all utilities, alarm monitoring, winter snow removal, janitorial, maintenance of the parking lot, and general maintenance of the facility.

**Weather/Current Monitoring System Operations and Maintenance \$30,000**

This funding would provide annual operations and maintenance for valuable real time weather and water current information to mariners that access the downtown Juneau waterfront including the four cruise ship berths (private and public), and the Taku Dock (serving Taku Fisheries). The system provides wind and current monitoring sensors at various locations to offer real time information for navigation purposes. The system disseminates via a phone app, internet, or other public media commonly available to mariners in the immediate area.

**Downtown Pay Phones \$8,000**

To meet telephonic communications demands from cruise ship passengers and cruise ship crew, the City and Borough of Juneau (CBJ) continues to maintain pay telephones in the downtown corridor.

**Tug Assist \$10,000**

During design and permitting of the southern berth of the 16B Cruise Ship Dock project, concerns were raised that under some weather conditions that there would be a need for tug boat assistance for some ships docking at the Franklin Dock. This funding would be used on an as needed basis – need during the summer of 2016 was limited to several stand by events.

**Transportation Worker ID Credential System (TWIC) \$170,000**

This funding will purchase up to six hand-held TWIC readers (one for each berth and one spare). In addition, the funds will be used to contract with the Marine Exchange of Alaska to host the computer server that receives and transmits the appropriate information for allowing or denying access to security zones.

## **GRANTS**

**Downtown Security Program - Downtown Business Association \$58,710**

Funding for this program supports two uniformed security officers that patrol the downtown area on foot from May through September. These security officers assist visitors with information, directions, and patrol the downtown area for loitering, panhandling, public intoxication, and other public nuisances potentially impacting summer visitors and local residents. With regard to public safety issues and infractions of the law, the security officers refer these issues to JPD to handle. This program is provided through a private contract administered by the Downtown Business Association.

**Tourism Best Management Practices Support – Juneau Convention and Visitors Bureau \$20,000**

This provides funding for printing, public notices, advertisements, and a contractual amount for Juneau Convention and Visitors Bureau (JCVB) staff to provide support to the Tourism Best Management Practices (TBMP) effort. TBMP is a voluntary industry-managed program, designed to provide services to vessel passengers and address impacts, including safety issues, of tourism on local residents. The JCVB administers the program with the funding provided by Marine Passenger Fee proceeds.

**Travel Juneau - Crossing Guards \$237,500**

The purpose of this program is to facilitate safe traffic flow in the downtown area, encourage pedestrians to stay on the sidewalks, increase pedestrian safety, and control the crossing locations where summer pedestrians can cross the streets. This will fund crossing guards during the summer visitor season and during peak traffic times. The crossing guards will staff the Cruise Ship Terminal, People's Wharf, Marine Park Plaza, and at Taku Smokeries. This funding also provides for some limited equipment purchases, general training, scheduling, and deployment of the crossing guards. This program is currently administered by Travel Juneau.

**Visitor Information Program \$135,600**

The JCVB provides summer visitors with information, directions, and assistance. Program expenses include administrative support for training and supervision of 130 volunteers, managing the cruise ship terminal visitor center and Marine Park kiosk, two paid seasonal visitor information positions, and printed materials.



**Franklin Dock Enterprises, LLC - Dock Security \$85,000**

Security exercises and training for all personnel with security related duties and security related expenses, along with security personnel enclosures/equipment to achieve compliance with US Coast Guard required/approved security plan.

**Restroom Cleaning and Maintenance \$25,000**

This provides funding for restroom cleaning and maintenance supplies for cruise ship passenger public restrooms located at the Franklin Dock.

**AJ Juneau Dock, LLC – Security and Safety: Training, Equipment/Maintenance, Etc. \$124,800**

This project includes training, equipment, supplies, maintenance, signage, credentials, exercises and operations related to the safety and security of the cruise ship facility. This request will fund annual security cost requirements and enhancements to achieve compliance with the U.S. Coast Guard required/approved facility security plan as well as facility safety, spill response, incident management, drills and exercises.

**AJ Juneau Dock, LLC - Restroom Cleaning and Landscaping Maintenance \$25,000**

In keeping with city requests at similar facilities, the AJ Dock requests assistance with the cleaning costs of the AJ dock restrooms which are open for public as well as uplands upkeep of park infrastructure including garbage, lighting, benches, fences, street sweeping, landscaping upkeep, etc. This year's project request includes interpretive signage, new benches (replacing 15-year-old wood benches), landscape maintenance and a new bear proof trash can.

**Juneau Port Security and Short-Range Response Boat \$19,600**

The Department of Homeland Security awarded the AJ Dock with a port security and short range response boat that conducts port security patrols, at-sea deliveries to cruise ships in port (some items can not go across the docks for security reasons). It is designed to accommodate medevacs, spill response, salvage operations, and on-scene support for emergency or law enforcement issues when ships are at anchor or at sea. This request is solely to cover the manning, maintenance, and operational expenses related to this vessel.

**CAPITAL PROJECTS****Public/Private Port Infrastructure Plan \$150,000**

This would fund a master plan study that would assess the existing docks and needs for the future, including infrastructure and governance.

**Small Cruiseship Moorage Master Planning \$150,000**

The increased number of small cruise ships have adversely impacted and strained Docks and Harbors' ability to provide suitable dock space. This master planning effort would examine the future business need and develop a holistic plan which would enable this industry to thrive in a sustainable manner.

**Port of Juneau - Visitor Information Kiosk Replacement \$150,000**

The visitor information kiosk serves cruise ship passengers needing information about Juneau. It is located in a strategic location near one of the two city owned docks that support the cruise industry. The current kiosk has exceeded its design life. The facility does not meet ADA standards, has inadequate heating, and does not provide adequate shelter for patrons.

**Downtown Restrooms South of the Library/Parking Garage \$500,000**

This project has been brought forward at the request of the Assembly to address the lack of adequate restroom facilities in the downtown waterfront area.

**CBJ Engineering - Downtown Street Improvements \$900,000**

This funding will provide for street reconstruction of Phase II of the Downtown Street Improvement project. This phase includes Front Street, North Franklin Street from Front Street to Second Street, and a portion of First Street.

**Waterfront Seawalk: Major Maintenance \$85,000**

The anticipated upcoming work for 2018-2019 includes transition repair at the Icehouse Dock, Franklin Dock by the bathrooms, and the Fishermen's Memorial.

**Waterfront Seawalk: Next Phases \$250,000**

Funds will be used for continued efforts on next phase(s) of the seawalk. Activities will include surveying, geotechnical investigations, property appraisals and negotiations, cost estimating, permitting and preparation of conceptual and detailed design plans.

**Downtown Wayfinding and Interpretive Signs \$450,000**

This funding will pay for the fabrication and installation of wayfinding and interpretive signage in the downtown area and the Willoughby district. Throughout the public process for the Downtown Streets Improvement, the public commented on the lack of signage in the downtown area to direct visitors to attractions, services, and businesses. The public requested an improved wayfinding and interpretive program with consistent and accurate information.

DRAFT

Marine Passenger Fee Funding Allocation - FY 2019

Key

	Requested Last Year and Funding provided
	Requested Last Year and No Funding provided
	New Request
	Requestes FY17 and No Funding Provided

	<u>FY17 Approved</u>	<u>FY18 Approved</u>	<u>FY19 Requested</u>	<u>FY19 Recommendation</u>	<u>Brief Description</u>
<b>CBJ OPERATIONS</b>					
CBJ - Identified Government Operations	1,400,000	1,400,000	1,400,000	1,400,000	Identified Government Operations
Juneau Police Department	189,700	189,700	183,780	183,780	Increased Downtown Foot/Bike patrol
Parks & Recreation	85,500	72,000	85,000	85,000	Increased Restroom Maintenance
			33,600	33,600	Seawalk Maintenance
		33,900	33,900	0	Landscape Maintenane
			62,500	0	25% Request for Centennial Hall HVAC Controls
Public Works Street Maintenance	109,500	108,900	103,400	103,400	Increased Road & Sidewalk Cleaning & Maintenance
CCFR	232,400	232,400	220,600	220,600	Seasonal BLS/Firefighter Program
			5,000		Air Medevac Support (uncollected charges)
Port of Juneau	154,100	154,100	154,100	154,100	Areawide Port Operations
	133,500	133,500	133,500	133,500	Port-Customs and Visitor Center Buildings Maintenance
		45,000	45,000		Landscape Maintenance
		20,920	30,000	30,000	Weather/Current Monitoring System Operations & Maintenance
		75,000	30,000	10,000	Tug Assist for Franklin Dock
			120,000	170,000	Transportation Worker ID Credential System (TWIC)
Capital Transit	300,000	300,000	300,000	0	Seasonal Transit Support

	<u>FY17 Approved</u>	<u>FY18 Approved</u>	<u>FY19 Requested</u>	<u>FY19 Recommendation</u>	<u>Brief Description</u>
City Manager	12,700	8,000	8,000	8,000	Downtown Pay Phones
Bartlett Regional Hospital	131,600				Additional Hospital Staff during summer
<b>Subtotal Operations:</b>	<b>2,749,000</b>	<b>2,773,420</b>	<b>2,948,380</b>	<b>\$2,531,980</b>	

**GRANTEES**

AJ Dock	93,800	85,000	124,800	124,800	Security and Safety: Training, Equipment/Maintenance, Etc.
	26,000	30,000	27,000	25,000	Restroom Cleaning and Landscaping Maintenance/Enhancement
	19,600	19,600	19,600	19,600	Port Security and Short-Range Response Boat Operations
			44,175	0	TWIC Readers
		68,500	68,500	0	Safety Barrier Fence Replacement
			26,000	0	Dock Ramp Pedestrian Conversion
			63,000	0	Shuttle Pedestrian Staging Area Expansion
		715,000	585,000	0	Shuttle Covered Area
		300,000	300,000	0	Terminal Project
	245,400				Dock Barge Maintenance Phase II - AJ Juneau
	6,500				TSS Wastewater Monitoring System Upgrade
Downtown Business Association	57,000	60,000	58,710	58,710	Ambassador Program
Franklin Dock	85,000	85,000	85,000	85,000	Dock Security
	25,000	25,000	25,000	25,000	Restroom Cleaning & Maintenance
		0	39,000	0	Security Camera Upgrade
	29,000	0	38,000	0	Dock Maintenance and Refurbishment
		25,000	290,000	0	Shore Power Infrastructure - Maintenance and Refurbishment
			1,777,000	0	Dock Infrastructure - Catwalk and Dolphin
	6,500				TSS Wastewater Monitoring System Upgrade
Goldbelt/Seadrome Dock		250,000	254,784	0	Seadrome Marine Dock Maintenance
Juneau Radio Center			12,000	0	Public Tourism Education (Matched 50/50)
			15,000	0	Visitor Experience App

	<u>FY17 Approved</u>	<u>FY18 Approved</u>	<u>FY19 Requested</u>	<u>FY19 Recommendation</u>	<u>Brief Description</u>
Juneau Raptor Center		60,000	50,000	0	Mt Robert's Eagle Viewing Center Upgrades
TBMP	15,000	15,000	20,000	20,000	Includes Pedestrian Management Pilot Projects
Travel Juneau	180,000	232,000	237,500	237,500	Crossing Guards
	160,000	140,600	135,600	135,600	Visitor Services
<i>Subtotal Grants:</i>	<i>948,800</i>	<i>2,110,700</i>	<i>4,295,669</i>	<i>\$731,210</i>	

**Capital Improvement Projects**

City Manager			100,000	150,000	Public/Private Port Infrastructure Plan
Port of Juneau			150,000		Sheet Pile Wall Corrosion/Marine Park
			150,000	150,000	Visitor Information Kiosk Replacement
			100,000		Cruise Ship Uplands Staging Area
			500,000	500,000	Downtown Restroom Construction (new)
			200,000		Security Checkpoint Shelters
			100,000	150,000	Small Cruiseship Moorage Master Planning (Requested by City Manager)
CBJ Engineering			900,000	900,000	Phase III Downtown Streets
			450,000	450,000	Downtown Wayfinding and Interpretive Signs
			85,000	85,000	Seawalk Major Maintenance
			1,000,000	250,000	Seawalk Next Phases
<i>Subtotal Projects:</i>	<i>1,302,200</i>	<i>1,827,780</i>	<i>3,735,000</i>	<i>\$2,635,000</i>	
<i>Requested Total FY 19 Funding (Ops + Grants + Projects):</i>			<i>\$10,979,049</i>		
<i>Recommended Total FY 19 Funding (Ops + Grants + Projects):</i>				<i>\$5,898,190</i>	

## Susan Phillips

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**From:** Dennis Harris <customjuneautours@ejuneau.net>  
**Sent:** Tuesday, January 30, 2018 4:40 PM  
**To:** Susan Phillips  
**Subject:** FY 19 Passenger Fee Proceeds Recommendations

Dear Ms. Phillips, Manager Watt, and Assembly:

I strongly object to the dock security and restroom cleaning and maintenance grants to Franklin Dock Enterprises, LLC and AJ Juneau Dock, LLC. These are private docks, and the companies owning them should be responsible for their own security, restrooms, and maintenance. If they are not profitable they should increase their docking fees, not apply to the city because they don't price their product profitably.

I object because unlike city docks and harbors, they are not open to all CPV permit holders. Juneau Taxi has had an exclusive contract for access to these private docks for years, and Holland America-Princess, which administers the docks, has refused to let anyone else bid for doc permits. I tried for several years to get them to allow individual drivers to bid for access, but was told by Kirby Day that Juneau Taxi had a contract with a right to renew clause, and every year's contract has the same clause.

In other words, one company has a perpetual contract that gives them exclusive rights, and no other party can bid or otherwise attempt to gain access to those private docks even though they are accepting public money for operation and maintenance. This is extremely unfair to every other tour company or transporter, even though we pay thousands of dollars for CBJ certificates and permits every year. If they accept public money, everyone should be allowed to bid for access to these docks!

I ask that you NOT approve these grants unless the dock owners and managers allow every tour company and transport to bid for access to these docks.

I am in favor of all the other proposed grants and operations funding, and ask that you increase crossing guard funding above the amount requested. We need to have at least one additional guard, posted near the crosswalk between the Red Dog parking lot/Manila Square, to keep pedestrians from entering the very busy traffic circle. Far too many visitors blithely wander across the traffic circle, including slow moving elders and wheelchair users. It's a miracle someone hasn't be killed there, and a bad vehicle/pedestrian encounter is only a matter of time if the intersection isn't protected by a traffic guard.

Thank you for considering my comments.

Dennis P. Harris  
12th Street LLC dba  
Custom Juneau Tours  
544 W 12th St  
Juneau, AK 99801-1524

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Cell (907) 209-8387

[customjuneautours@ejuneau.net](mailto:customjuneautours@ejuneau.net)

<http://www.customjuneautours.com>

Like my Facebook page: <https://www.facebook.com/CustomJuneauTours>

## Susan Phillips

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**From:** Burt-lair <burt-lair@gci.net>  
**Sent:** Tuesday, January 23, 2018 12:16 PM  
**To:** Susan Phillips  
**Subject:** Head Tax

1) pay salary of someone to dry park benches on Seawalk (when ships in town & benches wet). [Also clean bird droppings from railings around whale sculpture???

2) pay legal costs of head-tax litigation.

Call if questions.

Burt Lair (907) 463-1520

## Susan Phillips

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**From:** darkneptune @msn.com <darkneptune@msn.com>  
**Sent:** Monday, January 22, 2018 10:25 AM  
**To:** Susan Phillips  
**Subject:** marine passenger fee program

Hello Susan--

I would like to see further breakdown of the estimates and how money is to be spent. I am in support of the crossing guards downtown, but sounds like a lot of money allocated for them. And restrooms are listed under several different areas. I understand increased numbers/usage of the restrooms, but again, breakdown of how money is to be spent would be helpful to understand the estimates given. Just seems to be a redundant amount of money on restrooms.

Also, while I think it's great to consider more EMS services and I agree more are needed in the summer, where do you think those people/patients go? The many end up at the hospital. Visit numbers to the emergency room as well as admissions to inpatient beds are usually increased during cruise ship season. Any consideration for increased hospital usage?

Thank you for taking my comments.

Erika Bengston

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**City and Borough of Juneau**  
**Recommendations for Providing Property Tax Credits for Economic Development**  
**March 5, 2018**

**Introduction:**

As a result of the passage of SB100 during the 2017 legislative session, the ability for local governments to provide property tax exemptions for economic development projects was very significantly increased. Local governments now have broad latitude to defer or exempt the increase in property tax attributable to the development of property. A working group of CBJ staff and representatives from the Juneau Economic Development Council (JEDC), the Juneau Chamber of Commerce (JCC) and Affordable Housing Commission (AHC) have met numerous times to develop recommendations for eligibility criteria and evaluation processes for economic development projects. Outlined below is a summary of the main ideas and comments that have been developed.

All parties acknowledged that the potential tax exemption provides annual financial benefit to any project of about 1.1% of the taxable value of the development cost. When a developer is determining whether a project is financially viable, although this is a small incentive, it could be helpful.

**Key Discussion Points:**

1. No Alaska communities have adopted city code implementing this new tax exemption.
2. Exemption programs may be targeted to specific goals/objectives or be wide open and cover most development. Anchorage staff indicated they plan to propose a wide open program. The working group representatives' support targeted incentives that are based on criteria that quantify the projected economic benefits in return for tax forgiveness.
3. The evaluation criteria could be based primarily on achieving one or more of the Assembly-identified goals in the adopted Housing Action Plan and/or Juneau Economic Development Plan.
4. The law provides for full or partial tax deferral or exemption. Deferral does not provide a permanent benefit and has more administrative burden for businesses and CBJ. CBJ/JEDC/JCC representatives recommend that the Assembly consider an exemption program.

**Implementation Approach:**

There are two very different approaches to amending CBJ municipal code to implement the new economic development incentives authorized in state law. The "Broad Program" approach would change CBJ code to set qualification and eligibility criteria intended to meet a variety of investment ideas that may be brought forward. Investment proposals would then be evaluated based on the broad criteria and an exemption could be granted by the assembly via a motion. The "Project Based" approach would require staff and the Assembly to evaluate requests for development incentives on a project by project basis. If the result of that evaluation were positive, the exemption would be implemented via a non-code ordinance specific to the project.

**JEDC Board/Staff Criteria Suggestions:**

CBJ Economic Development property tax exemptions should target one or more of the following:

1. Target firms that export goods or services out of the region (to bring in new dollars to Juneau).
2. Target traded industry clusters present in our region: Ocean Products, Visitor Products, Mining and Arts.
3. Target investments in microcenters in Juneau: Historic Downtown, Willoughby District, Downtown Douglas, and Auke Bay.

4. Do not allow criteria to be so broad that all investments qualify. Consider exempting only increased property value.

**Evaluation Process and Criteria:**

Interested parties should submit a written application to explain how the proposed investment achieves:

- A. Progress on one or more of the eight initiatives in the Juneau Economic Development Plan.
- B. Progress on the recommendations and initiatives in the Housing Action Plan. That plan specifically encourages the creation of a tax abatement program to meet development goals and targets workforce housing, senior housing, and housing opportunities for young adults and families. (Housing Action Plan, Recommendation #4, pg. 36-37.) The Plan's recommendations contain metrics to help measure progress.
- C. Progress on the adopted Energy Strategy.

To evaluate the economic and other benefits to the community the following measurable factors should be considered:

- A. Number of jobs in Juneau created or sustained
- B. New capital invested in infrastructure
- C. Number of housing units developed for and occupied by senior citizens 65 and older
- D. Number of housing units developed for and occupied by workforce housing
- E. Increased sales in Juneau
- F. Increased sales out of Juneau (exports)

**Other:**

There are other development incentives that CBJ could consider, depending on the situation (e.g. direct grants, conduit to tax exempt financing).

**Next Steps:**

1. Solicit feedback from the assembly.
2. The working group develops specific eligibility/evaluation criteria for 2 categories of development: Housing and Other Commercial Development. This document should be ready for Assembly review by late March.