

DRAFT
City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, July 25, 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: Mary Becker, Jerry Nankervis, Jesse Kiehl, Loren Jones, Beth Weldon and Mayor Ken Koelsch.

Committee Members Participating Telephonically: Maria Gladyszewski, Norton Gregory, and Robert Edwardson.

Committee Members Absent: None.

Staff Present: Rorie Watt, City Manager; Bob Bartholomew, Finance Director; Rob Palmer, Assistant Attorney; Beth McEwen, City Clerk; Sam Muse, Controller; and Elisabeth Jensen, Budget Analyst.

Clerk's Note: This was a heavily attended AFC meeting, with over fifty persons in the audience.

III. Approval of Minutes

The June 13, 2018, minutes were approved as presented.

- IV. Ballot Proposition Regarding Best Starts' Proposal for Childcare & Pre-K Funding Resolution 2824** – A Resolution Calling for an Advisory Ballot Proposition on City and Borough Financial Support for Improving and Expanding Access for all Juneau Families to Affordable High Quality Child Care and Early Learning/Pre-school.
(pages 6-10 of the meeting packet)

Loren Jones, moved to refer Resolution 2824 to the full Assembly for approval.

Jesse Kiehl, OBJECTED.

Jesse Kiehl, moved to AMEND the original motion, by inserting the underlined language into the second paragraph of the Explanation of Proposition Section of page 2 (of Resolution 2924, page 9 of the meeting packet): “The primary goals of this effort would be to increase the available child care to meet the needs of Juneau families and businesses, increase the percentage of 5 year old children who are “prepared to learn””

WITHOUT OBJECTION.

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Jesse Kiehl, moved to AMEND the amended motion, by editing the third paragraph of the Explanation of Proposition Section of page 2 (of Resolution 2924, page 9 of the meeting packet): "This effort is expected to cost up to \$2.8 million of CBJ funding in the ~~third~~ fifth year when the program is fully implemented"....

WITHOUT OBJECTION.

Clerk's Note: Mr. Nankervis joined the meeting at 5:36 PM.

Maria Gladziszewski, moved to AMEND the amended motion, by having staff edit the end of the third paragraph of the Explanation of Proposition Section of Page 2 (of Resolution 2924, page 9 of the meeting packet), to more clearly explain the funding equivalency to voters in terms of mil rate and property tax impact.

Clerk's Note - Conceptual language: In accordance with the taxable value in the Borough in 2018, a \$2.8 million expenditure would require the equivalent of a 0.58 mil, resulting in a property tax of \$58 for each \$100,000 of assessed property value.

WITHOUT OBJECTION.

Beth Weldon, moved to AMEND the amended motion, by having staff edit the end of the third paragraph of the Explanation of Proposition Section of Page 2 (of Resolution 2924, page 9 of the meeting packet), to add the word "increase" to describe the impact to both mil rate and property tax.

Clerk's Note - Conceptual language: In accordance with the taxable value in the Borough in 2018, a \$2.8 million expenditure would require the equivalent of a 0.58 mil increase, resulting in a property tax increase of \$58 for each \$100,000 of assessed property value.

WITHOUT OBJECTION.

Main Motion as Amended.

Mayor Koelsch OBJECTED.

Roll call votes:

Ayes: Jones, Becker, Edwardson, Weldon, Gladziszewski, Gregory, Nankervis, and Kiehl.

Nays: Mayor Koelsch.

Absent: None.

MAIN MOTION as AMENDED PASSED 8-1.

Clerk's Note: Mr. Edwardson disconnected from the telephonic connection at approximately 5:55 PM.

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- V. Ballot Question Regarding Increasing Hotel-Motel Room Rental Tax by 2%**
Ordinance 2018-39 – An Ordinance Increasing the Hotel-Motel Room Rental Tax by Two-Percent and Providing for a Ballot Question Ratifying the Increase.
(pages 11-15 of the meeting packet)

Bob Bartholomew, Finance Director, provided a brief summary of the question that is being asked to be put before the qualified voters – to increase the existing hotel tax from 7% to 9%. The hotel tax could be used to, but would not have to be used to pay for construction of the New Juneau Arts & Culture Center.

A 2% increase in Bed Tax would potentially raise an estimated \$440,000 per year in additional revenue.

Mayor Koelsch and Ms. Weldon requested staff provide an Alaskan view of Bed Taxes by community.

The proposed Ordinance 2018-39 is scheduled for public hearing at the Assembly meeting on Monday, August 13, 2018.

- VI. Ballot Proposition Regarding Issuance of G.O. Bonds to Contribute to the Partial Cost of a New Arts & Cultural Center & to Advance Fund Renovation Costs for Centennial Hall**
Ordinance 2018-40 – An Ordinance Authorizing the Issuance of General Obligation Bonds in the Principal Amount of Not to Exceed \$12,000,000 to Finance Capital Improvements to the Facilities of the City and Borough, and Submitting a Proposition to the Voters at the Election to be Held Therein on October 2, 2018.
(pages 16-37 of the meeting packet)

Bob Bartholomew introduced the topic, discussing the modified payback structure that is proposed, and the structure of the bonds described by the Bond Counsel.

Beth Weldon described a new Concept Idea to decrease the project cost and have ownership of the proposed New JACC be the responsibility of the JAHc/pARTnership.

Rorie Watt, City Manager, described the new concept that was developed just 30 minutes prior to the meeting, to resolve Ms. Weldon's concerns.

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This handout was provided and displayed via the overhead:

Concept Idea:

Centennial Hall remains owned by CBJ

New JACC is owned and operated by the JAHC/pARTnership

\$9M Project:

\$4.5M Sales tax Plus \$4.5M of obligated debt to make \$9M total for improvements to Centennial Hall and partial funding to prepare for the New JACC project. Expenditures as follows:

A \$2M grant of sales tax to JAHC for the site work, parking improvements and as a contribution to the project.

\$7M of bonds to include the following improvements –

Bonds paid for with \$2.5M of Sales Tax and either GO Debt and/or Hotel Bed Tax

HVAC system to serve Centennial Hall and the New JACC

Expanded lobby in Centennial Hall

Connecting hallway between Centennial Hall and the new JACC

Improvements to the Sound system, lighting system and technology in Centennial Hall

Improvements to the interior flooring, furnishing and wall systems

Rationale:

Centennial Hall gets upgrades desired by travel industry.

New heating system efficient for both facilities.

JACC gets contribution from Assembly.

Everybody benefits from parking improvements.

New JACC stays as privately owned facility, enhances fundraising opportunities.

CBJ investment in Centennial Hall signifies commitment to donors.

Concept by Ms. Weldon

Memorialized and adapted for her by Mr. Watt

7/25/18

The meeting recessed at 6:07 PM.

The meeting reconvened at 6:15 PM.

The Assembly members discussed the matter at length.

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Ms. Weldon, moved to have staff use the proposed “\$9 million New JACC Concept Idea” to prepare a Ballot Proposition Ordinance to run parallel to Ordinance 2018-40, and schedule additional Assembly meetings to meet the deadlines for ballot preparation for the October 2, 2018 election.

Norton Gregory OBJECTED.

Roll call votes:

Ayes: Nankervis, Weldon, Jones, Becker, Gladyszewski, and Mayor Koelsch.

Nays: Gregory, and Kiehl.

Absent: Edwardson.

Motion PASSED 6-2, with 1 absent.

VII. Information Item – FY19/20 Budget & Fund Balance Update (2-Page handout provided at meeting)

Bob Bartholomew briefly discussed the handout -narrative and current trend - based on the information staff is currently aware of. The Available Fund Balance in FY21 is estimated to be \$8,482,400. He said the CBJ is still in a stable financial position situation, but the budget is no longer balanced without the use of savings. Depending on the economy, the CBJ may need to adjust sooner than later.

VIII. Next Meeting Date Wednesday, August 8, 2018

IX. Adjournment Meeting was adjourned at 7:00 PM.