

**ASSEMBLY FINANCE COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Wednesday, April 17, 2019, 5:30 PM.
Assembly Chambers**

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

- a. **Wednesday, April 10, 2019**

IV. ITEMS FOR DISCUSSION

- a. **Travel Juneau - Funding Request**
- b. **Juneau Economic Development Council (JEDC) - Funding Request**
- c. **Water & Wastewater Utility Rate Update**
- d. **Marine Passenger Fee Recommendations - For Review**

V. INFORMATION ITEMS

- a. **FY20 Pending List**
- b. **FY20 Incremental Requests List**
- c. **AFC Meeting Schedule**

VI. NEXT MEETING DATE

- a. **Wednesday, April 24, 2019**

VII. ADJOURNMENT

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

DRAFT
City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, April 10, 2019, 5:30 PM

I. Call to Order

The meeting was called to order at 5:30 PM by Loren Jones, Chair.

II. Roll Call

Committee Members Present: Maria Gladziszewski, Alicia Hughes-Skandijs, Wade Bryson, Michelle Bonnet Hale, Rob Edwardson, Carole Triem, Mary Becker, Loren Jones, Chair; and Mayor Beth Weldon.

Committee Members Participating Telephonically: None.

Committee Members Absent: None.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Jeff Rogers, Finance Director; Mike Vigue, Director, Engineering & Public Works; John Bohan, Chief CIP Engineer; Carl Uchytel, Port Director; Teena Larson, Administrative Officer, Docks & Harbors; Patty Wahto, Airport Manager, Juneau International Airport; John Coleman, Airport Business Manager, Juneau International Airport; George Schaaf, Parks & Recreation Director; Lindsay Foster, Parks & Recreation; Rob Palmer, City Attorney; Scott Ciambor, Chief Housing Officer; Sam Muse, Controller; and Elisabeth Jensen, Budget Analyst.

Others Present: David Epstein, Airport Board Chair; Jerry Godkin, Airport Board Vice Chair; Angela Rodell, Airport Board, Finance Chair; Dennis Bedford, Airport Board Member; Dennis Harris, Airport Board Member; Bob Wostman, Docks & Harbors Board, Finance Chair; and Chris Dimond, Docks & Harbors Board

III. Approval of Minutes

The April 3, 2019 minutes were approved as presented.

IV. Juneau International Airport

Patty Wahto, Airport Manager; and John Coleman, Airport Business Manager; presented the FY20 Revised Budget for the Airport found on pages 6-15 of the meeting packet.

Ms. Wahto responded to questions from the Assembly members.

Mayor Beth Weldon, moved to ACCEPT the Juneau International Airport budget as proposed and forward to the full assembly for public hearing and action. Without OBJECTION.

Minutes - Assembly Finance Committee Meeting Wednesday, April 10, 2019, 5:30 p.m.

Mr. Jones informed the committee that of the Sales Tax Fund balance about \$300,000 was remaining from the prior 1% voter approved sales tax program. All of the projects have been completed. He discussed allocating this funding to assist with the airport terminal project.

**Mr. Jones, moved the \$300,000 of Sales Tax Funding to the AFC's Budget Pending List for further review regarding potential Airport terminal CIP - LEED certification.
Without OBJECTION.**

V. Docks & Harbors

Carl Uchytel, Port Director; presented the FY20 Revised Budget for Docks & Harbors found on pages 16-45 of the meeting packet.

Mr. Uchytel responded to questions from the Assembly members.

**Mayor Beth Weldon, moved to ACCEPT the Docks & Harbors budget as proposed and forward to the full assembly for public hearing and action.
Without OBJECTION.**

The meeting recessed at 6:43 PM.

The meeting reconvened at 6:53 PM.

VI. Capital Improvements Projects Program Budget / Plan – For Action

Mike Vigue, Director, Engineering & Public Works; John Bohan, Chief CIP Engineer; presented the Capital Improvements Program plan found on pages 25 – 31 of the last AFC meeting packet provided on April 3, 2019, along with a memo on page 46 of this evening's meeting packet.

The initial CIP Resolution was provided to the Public Works and Facilities Committee on February 4, 2019, and again reviewed at the PWFC meeting on March 18, 2019. Changes outlined in the memo found on pages 25 – 26 of the April 3, 2019, AFC meeting packet and the memo on page 46 of this evening's packet comprise the recommendations of the PWFC and further staff review. The AFC reviewed the same set of documents at their meeting on April 3, 2019.

Mr. Vigue and Bohan responded to questions from the Assembly members.

Minutes - Assembly Finance Committee Meeting Wednesday, April 10, 2019, 5:30 p.m.

**Mayor Beth Weldon, moved to forward CIP Resolution 2845, as amended (with the exception of the section titled, "Marine Passenger Fee Priorities", totaling \$581,100 – which would go to the pending list), to the full Assembly for approval.
Without OBJECTION,**

VII. FY20 Budget Overview Round 2

Bob Bartholomew, Finance Director; provided a high level overview of the Assembly's involvement in the budget process throughout the year. The process begins in November, with Assembly guidance gathered at the Assembly Retreat each December. This guidance and other detailed instructions are provided to staff each December. Staff and management continue work on the proposed budget through late March. The Manager's proposed budget is provided to the Assembly for review by April 5th. The AFC spends many weeks reviewing the budget, but there isn't time during the spring review to dig down very deep. Opportunities for deeper dives are scheduled annually between July and December. Examples of deeper dives from prior years include the 1% Sales Tax CIP Ballot measure (every 5 years), Priority Driven Budgeting, Tax Exemptions, and additional requests from JPD and CCFR in FY19.

Mr. Bartholomew responded to questions from the Assembly members.

VIII. Information Items

Mayor Weldon passed out a memo from the Chamber of Commerce requesting the Mayor's signature and Assembly's support in an effort to gain continued financial support from the local business community to ensure uninterrupted access to state government via Gavel Alaska's programming.

IX. Next Meeting Date

Wednesday, April 17, 2019

X. Adjournment

Meeting adjourned at 7:33 PM.



April 15, 2018

CBJ Assembly members:

Thank you for the opportunity to report on Travel Juneau and present its proposed fiscal 2020 budget.

Since our last presentation, I'm pleased to note the following highlights:

- In FY18, Juneau saw over 9800 room nights associated with meetings and conventions which generated an estimated impact of \$3.59M. The ROI in convention sales was \$13.32 for every \$1 invested in sales and marketing. This number was down from FY17 due to a lack of production and cuts in state travel. Convention Sales production is rebounding and has over 20,000 rooms booked or pending into 2023.
- Travel Juneau generated over \$34M in media advertising equivalency and assisted more than 40 vetted travel writers and bloggers. We received a big push with the production of *Wild Alaska Live*, the BBC and PBS venture that aired in July 2017.
- During FY18, the TravelJuneau.com website had more than 171,000 unique website visitors, up 32% from the previous year.

Survey initiatives

Travel Juneau completed three survey projects over the last two fiscal years: a visitor survey and conventions impact survey, both delivered by McDowell Group, and DestinationNEXT, delivered by NextFactor, Inc.

McDowell Group's "Juneau Air and Ferry Visitor Survey" was conducted during the 2018 summer season. Highlights:

- Approximately 78,000 independent travelers arrived by air or ferry, which is approximately 6% of the total number of visitors to Juneau
- 65% of those arriving by air stayed at hotels; another 25% stayed with friends or family, and another 10% stayed at either a B&B or Airbnb/VRBO.
- Among ferry arrivals, 43% stayed at hotels, 11% stayed with friends or family, and 13% stayed at either a B&B or Airbnb/VRBO.
- Average length of stay for air arrivals was 4.3 nights, and 3.7 nights for those arriving by ferry.

- On average, visitors arriving by air planned their trips 6.6 months in advance and made their major travel arrangements 4.6 months in advance. Ferry visitors began planning their trip 7.1 months in advance and made major arrangements 3.9 months in advance.
- Top activities included visiting the Mendenhall Glacier, shopping, hiking, taking the Goldbelt/Mt. Roberts Tram, and wildlife/bird viewing
- 29% of air visitors and 28% of ferry visitors who were here for vacation/pleasure reported using the TravelJuneau.com website; 17% of air visitors and 30% of ferry visitors in Juneau for the same purpose reported using the Juneau Guide & Travel Planner.
- McDowell Group calculated average independent air arrival visitor spending at \$704 per person, per trip; ferry arrival visitors spend \$440 on average per person per trip.

McDowell Group's "Economic Impacts of Juneau Conventions and Meetings" was conducted from October 2017 through September 2018. Highlights:

- Meeting spend, on average, is \$1720 per attendee per event.
- Average length of stay is 3.4 nights.
- 93% of attendees are very satisfied or satisfied with their overall Juneau experience.
- McDowell Group recommends that, "to continue attracting this market, Juneau needs to be competitive on multiple fronts including travel time and cost, conference facility size and amenities, and the quality and cost of local services". McDowell also noted that "Juneau's meeting facilities need to keep pace with competitive facility upgrades and evolving needs for power, Internet bandwidth, and audio-visual capabilities."

The reports for both McDowell Group surveys are available at <https://www.traveljuneau.com/about-travel-juneau/>

The DestinationNEXT (DNEXT) surveys gauged community perceptions of Juneau as a destination today; one survey was aimed at Travel Juneau stakeholders (partners, CBJ leadership, JEDC board, DBA board, Juneau Chamber board) and the other at the wider community. Both surveys were available from early November 2018 until March 2019.

Overall, the respondents rank Juneau in the quadrant designated for "developing" destinations. Key challenges include rallying the community to work together towards a realistic vision and strategy, building community recognition and acceptance that transformative change is needed, and implementing the strategy with limited resources. The following graphs are taken from the stakeholder section of the results workshop.

Destination Strength Rankings – Juneau, AK



	Relative Importance	Perceived Performance
Mobility & Access	1 st	6 th
Air Access	2 nd	9 th
Convention & Meeting Facilities	3 rd	10 th
Brand	4 th	1 st

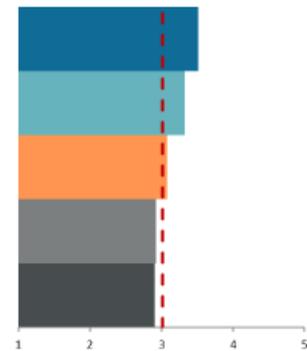
Juneau, AK DestinationNEXT Assessment | 9

The following tables show perceptions of Juneau benchmarked (dashed vertical line) against the other 190 destinations who have participated in the DNEXT project.

Mobility & Access



- Has great directional signage and highways that make it easy to get around
- Known as a walkable destination
- Provides good access and mobility for those with disabilities
- Has adequate public transportation that makes it easy for visitors to get around
- Is a bicycle-friendly destination with easy, well-marked bike routes

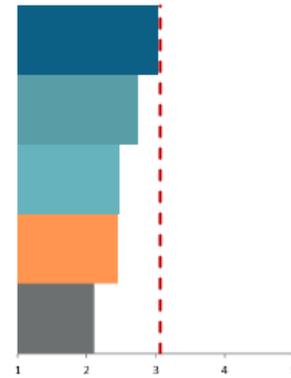


Juneau, AK DestinationNEXT Assessment | 12

Convention & Meeting Facilities



- Has good, unique off-site venues for special events
- Has the necessary convention, meeting, and trade show facilities to compete today
- Convention center meeting and networking space is well branded
- Offers an abundance of professional and experienced convention services suppliers
- Has the necessary convention, meeting and trade show facilities to compete for the next 10 years

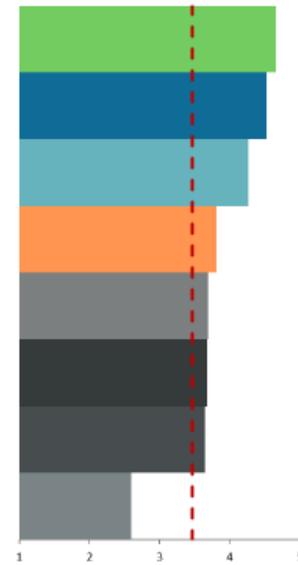


Juneau, AK DestinationNEXT Assessment | 14

Brand



- Known as being healthy and an outdoor, active destination
- Known for having a lot of things to see and do
- Appeals to a wide range of visitors
- Tourism industry uses and leverages social media to support the brand
- Has an established brand that is simple, memorable and market-tested
- Known for being safe, clean and secure for visitors
- Known for being an environmentally conscious and sustainable destination
- Known as a high-tech, innovative destination

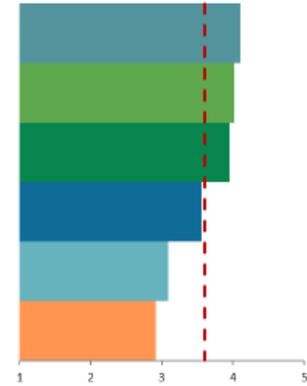


Juneau, AK DestinationNEXT Assessment | 15

Attractions & Entertainment



- Has the type of famous attractions that cause people to stay an extra day in the destination
- Has an assortment of authentic and unique attractions and entertainment opportunities
- Has high-quality and wide-ranging arts and cultural attractions
- Has unique and high-quality dining options
- Has unique and vibrant neighborhoods that are attractive and accommodating to visitors
- Destination offers diverse and high-quality shopping opportunities

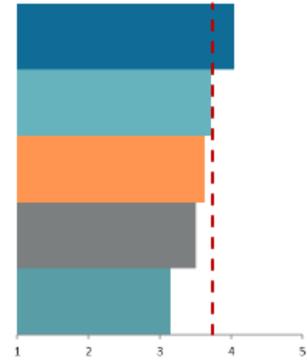


Juneau, AK DestinationNEXT Assessment | 17

Destination Performance

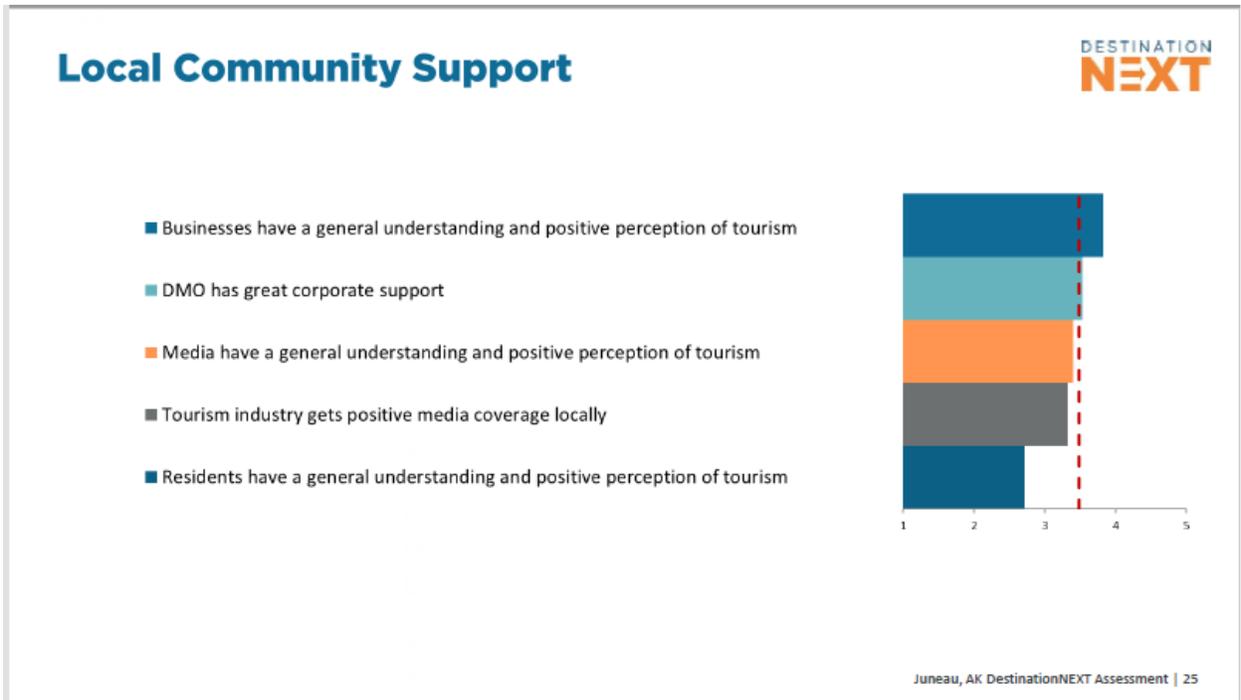


- DMO adequately measures and tracks the performance of our tourism industry
- Successfully converting leads for meetings and conventions
- DMO does a good job at communicating the economic impact of our tourism industry
- Seeing a positive growth in overnight visitation
- Hotels are performing well



Juneau, AK DestinationNEXT Assessment | 18

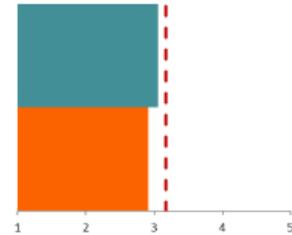
Respondents also ranked community support for the DMO (10 options):



Funding Support & Certainty



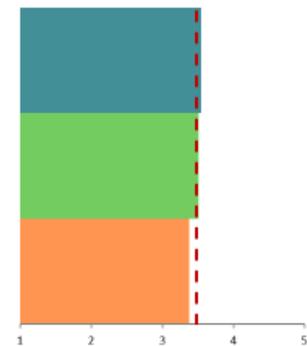
- DMO has sufficient revenue sources to fund their strategies and initiatives today
- DMO revenue sources are stable and sustainable for the future

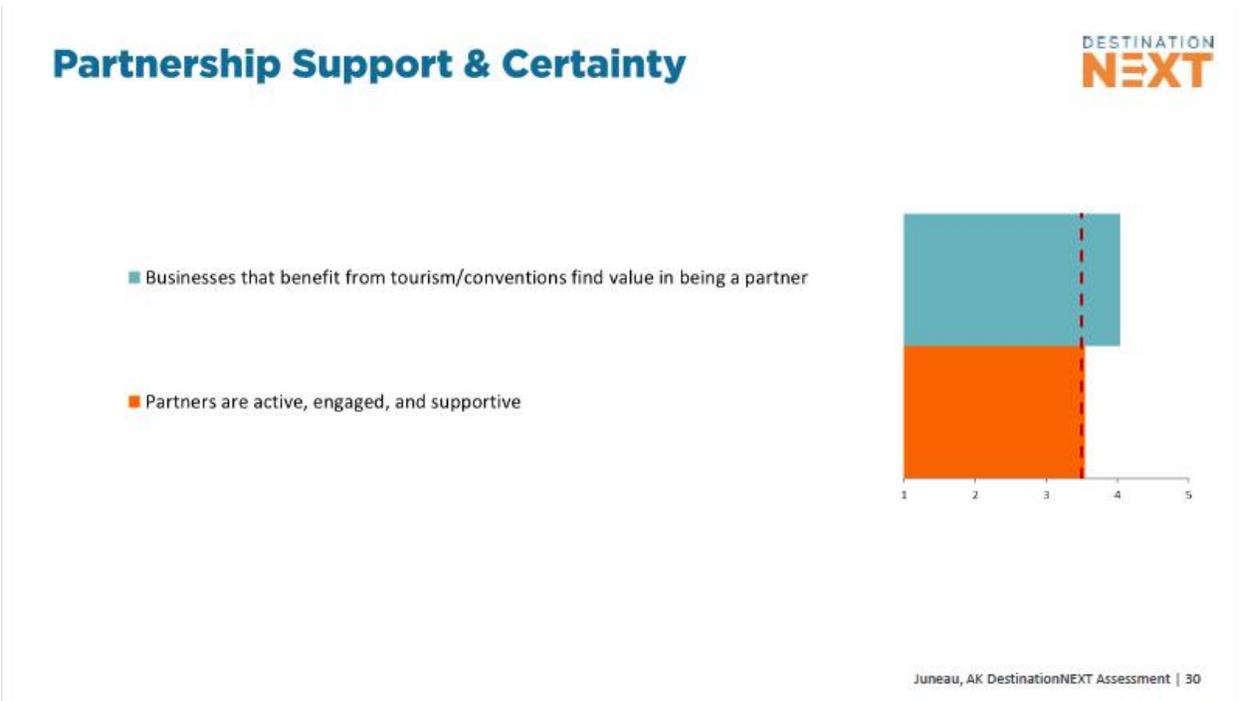
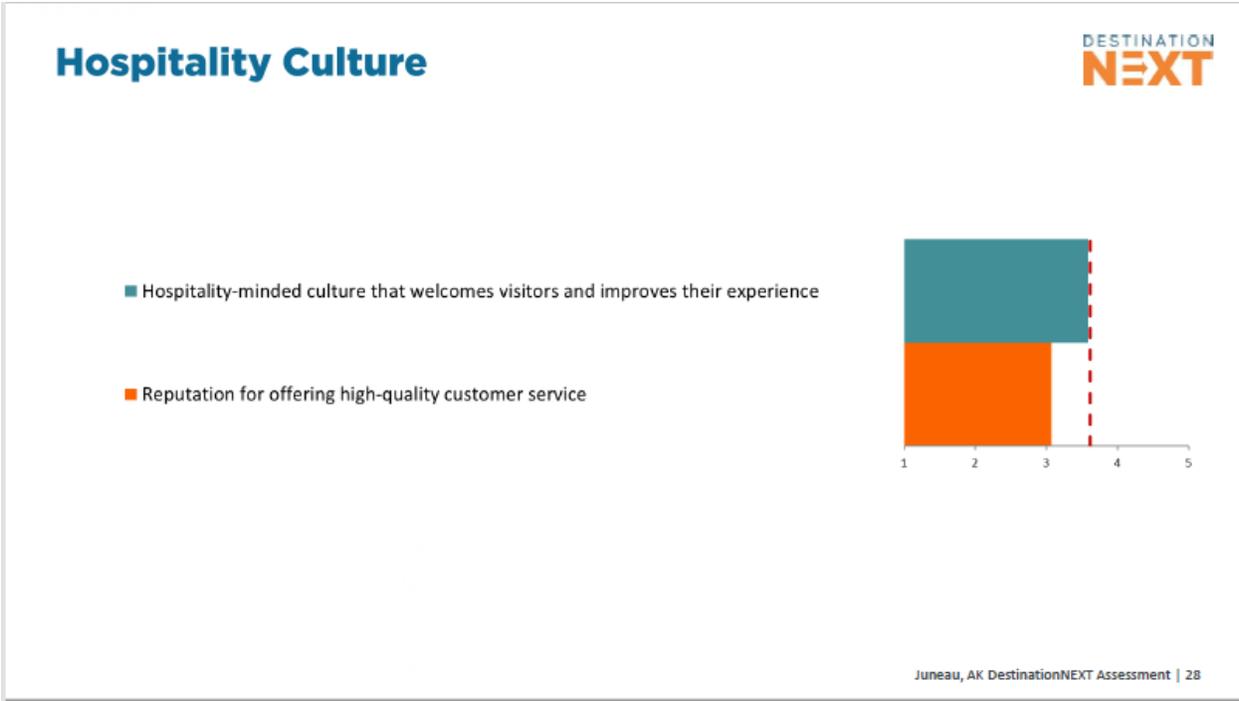


Effective Advocacy Program



- Local government relies on DMO for input on destination management
- Local government is supportive of DMO programs and the tourism industry
- Advocacy program is successful in educating/informing government policy





The community/public survey mirrors these results. Both sets of results can be found in the DestinationNEXT slide deck at <https://www.traveljuneau.com/about-travel-juneau/>.

Proposed FY2020 Budget

Revenues:

Travel Juneau's proposed FY20 budget was approved by the Board of Directors at the March 28, 2019 regular meeting. In planning the budget, Travel Juneau consulted with CBJ's Finance Director, who calculated the grant amount at \$885,000.

The \$325,460 Marine Passenger Fee Grant was included in the City Manager's recommendation and funds the downtown crossing guard program. An additional MPF request for \$148,300 provides partial support for Travel Juneau's Visitor Services program, which includes two regular FTE, the recruitment, training and management of our 140-person volunteer corps, seasonal staff, and visitor materials distributed primarily at the two downtown visitor information centers.

Travel Juneau again anticipates increasing its earned revenues through its efforts in partnership sales, ad sales, and listings sales.

For FY20, Travel Juneau requests \$120,000 in incremental funding from the Hotel Bed Tax Fund Reserve to support new and enhanced marketing initiatives. No portion of the requested increment will support operations.

Strategic highlights for FY20

- Completing the goal of a KPI-focused internal marketing plan to better track and report important metrics of success.
- Participating in planner trade shows as a sponsor to develop strategic relationships with meeting planners in the western US.
- Continuing to increase the production and roll-out of video and social media campaigns, continuing the shift from print to online marketing, and increasing TJ's social media presence for both the Destination Marketing and Convention Sales departments.
- Partnering with the Alaska Travel Industry Association for a sales mission to Australia designed to engage travel agents and tour operators in this growing market.

Data from the research projects and observed trends in destination marketing will inform Travel Juneau's development and implementation of fresh campaigns to bring independent travelers and meetings to town. We thank the Assembly for its continued support of our role in bringing long-term economic benefit to our community.

TRAVEL JUNEAU
 FY20 BUDGET - APPROVED BY BoD 3/28/19

Line	Description & Notes	Convention Sales (1)	Dest Mkt (2)	Vis Svc (3)	Partner Svc (4)	Admin (5)	Special Projects & Pass-throughs (6)	Proposed FY20	Approved FY19	Requested FY 20 Increment from HBT Fund Res
REVENUES & INCOME										
4000	Hotel Bed Tax - CBJ Grant	233,465	351,372	80,366	4,928	214,869		885,000	860,000	120,000
	Approved increment	44,000	76,000					120,000		
4001	Partnership Sales	4,402	16,733	15,240	51,234	8,391		96,000	92,000	
4010										
4025										
4100	Ad Sales & Media Expense Recovery		10,000	11,000	15,000			36,000	36,000	
4200	Website Add'l Listings				7,500			7,500	7,500	
4250	Travel Planner Add'l Listings	1,500			4,500			6,000	4,500	
4350	Travel Fair Vendors				7,500			7,500	7,500	
4400	Annual Mtg				350			350	350	
4450	Marketing Momentum				2,250			2,250	2,250	
								0		
4500	Booth Share		3,000					3,000	3,000	
								0		
4550	Mtg Planner Event Vendors	0						0		
4600	Interest					125		125	125	
4650	MPFs for Visitor Services			148,300				148,300	135,600	
4675	Label Sales			300				300	300	
4700	Other revenue & income			100		350		450	450	
4750	Pass-through and Special Projects - Class 6									
	Crossing Guard Program - MPFs	2,959	16,052		13,535		292,914	325,460	237,500	
	TBMP stipend								450	
4770	Carry-over								84,460	
TOTAL REVENUES		286,326	473,157	255,306	106,797	223,735	292,914	1,638,235	1,471,985	120,000

TRAVEL JUNEAU
 FY20 BUDGET - APPROVED BY BoD 3/28/19

Line	Description & Notes	Convention Sales (1)	Dest Mkt (2)	Vis Svc (3)	Partner Svc (4)	Admin (5)	Special Projects & Pass-throughs (6)	Proposed FY20	Approved FY19	Requested FY 20 Increment from HBT Fund Res
EXPENSES										
5000	Personnel Expenses	Conv Sales Incl 10% FTE of CEO 85,000	79,500	136,872	71,660	124,404		497,436	482,831	
6000	Staff Training & Conferences	14,215	6,425	3,225	3,225	14,475		41,565	35,039	
6010	Staff Incentives			200		2,300		2,500	2,450	
6025	Mileage	200	500	1,500	200	200		2,600	2,650	
6030	Telephone & Internet	1,800	1,500	4,600	1,500	2,700		12,100	12,100	
6040	Technology & Connectivity	4,825	4,825	11,900	4,825	9,625		36,000	39,650	
6050	Equipment - Purchase & Maintenance	300	300	300	300	300		1,500	3,000	
6070	Postage	250	250	4,000	250	250		5,000	6,000	
6080	Supplies	350	350	550	350	400		2,000	2,200	
6090	Copying/Printing	440	440	440	440	440		2,200	2,200	
6100	Dues/Partnerships	1,270	19,330			4,755		25,355	25,735	
6200	Subscriptions	1,100	32,140	3,000	2,160	190		38,590	33,890	
6300	Community Relations	2,300			1,195	3,100		6,595	2,820	
6400	Trade Shows	24,000	46,900					70,900	43,350	18,000
6430	FAM - Prospects	2,500	19,000					21,500	5,500	14,000
6450	Incentives & Premiums	25,000	9,500					34,500	13,307	15,000
6475	Travel Guide Distribution		250					250	1,250	
6480	TBMP Hotline Stipend	Removed - not related to budget							450	
CONVENTION SALES/MARKETING										
6500	Centennial Hall Rebate	24,350						24,350	17,500	5,000
6510	Meeting Printing	2,250						2,250	1,500	
6515	Conv Sales Site Visits - MPs	For planners with meetings in Definite status 2,400						2,400	2,400	
6520	Bid in Person	2,000						2,000	2,500	
6530	Convention Advertising & Ad Dev	67,459						67,459	57,900	15,000
	Carryover								36,105	
6550	Meeting Planner Events	4,000						4,000	4,500	
6575	Sales Missions								4,500	

TRAVEL JUNEAU
 FY20 BUDGET - APPROVED BY BoD 3/28/19

Line	Description & Notes	Convention Sales (1)	Dest Mkt (2)	Vis Svc (3)	Partner Svc (4)	Admin (5)	Special Projects & Pass-throughs (6)	Proposed FY20	Approved FY19	Requested FY 20 Increment from HBT Fund Res
	DESTINATION MARKETING									
6600	Travel Writer Expenses/PR		38,000					38,000	27,000	10,000
6700	Consumer Shows									
	All shows to 6400									
6710	Destination Print Advertising		20,000					20,000	20,000	
6720	Destination Digital Advertising		60,000					60,000	35,000	15,500
	incl AK Seaplanes - YXY promos									
	At CBJ Request - \$10K									
6725	Destination Photos, Video, & Graphic Design		40,980					40,980	9,000	27,500
6730	Destination Social Media Promotion		8,500					8,500	7,500	
6735	Social Media Specialist	Contract	17,750	17,750				35,500	8,000	
6740	Travel Guide Production	Contract								
6750	Website Hosting & Maintenance		64,150					64,150	60,800	
	VISITOR SERVICES									
6810	AKA Fulfillment (bulk mail)			15,000				15,000	15,000	
6815	Storage			2,650				2,650	2,650	
6820	Volunteer - Training			5,000				5,000	5,000	
6825	Volunteer Recognition			6,000				6,000	4,500	
6830	Summer Assistants			20,000				20,000	21,000	
6840	Parking - Seasonal			650				650	500	
6845	Travel Guide Dist - Interior			2,500				2,500	2,500	
6850	Visitor Site Supplies			3,000				3,000	3,500	
6852	Copy/Printing - Dept Specific			2,500				2,500	5,000	
6855	DT Walking Map			25,680				25,680	23,000	
6860	Visitor Retention									
6865	Cruise Calendar Prod			600				600	600	

TRAVEL JUNEAU
 FY20 BUDGET - APPROVED BY BoD 3/28/19

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	PARTNER SERVICES									
6910	Travel Fair				5,950			5,950	5,582	
6925	Partnership Education				2,500			2,500	3,000	
6940	Election									
	Annual Meeting & Annual Rpt									
6945					4,200			4,200	4,100	
6950	New Partner Recruitment				500			500	500	
6965	Decals				475			475	460	
6970										
6975	Dining Guides				4,500			4,500	4,800	
	ADMIN									
7010	Rent	1,875	1,875	3,755	1,875	39,620		49,000	47,130	
7015	Property Insurance	242	242	484	242	240		1,450	1,450	
7020	Liability Insurance	450	450	900	450	450		2,700	2,700	
7025	Employee Dishonesty Insurance					475		475	475	
7030	Fees & Taxes					5,800		5,800	5,800	
7040										
7050	Board of Directors					4,211		4,211	5,481	
7070	Accounting					9,800		9,800	7,900	
7080	DestNEXT - DMO evaluation									12,000
7090	Non-Designated Reserve									
	For capital purchases (e.g., new rental space or									
	From earned income									
8100	SPECIAL PROJECTS - CLASS 6									
	Crossing Guard Program (MPF)									
	\$325,460 - 10% Admin Fee						292,914	292,914	230,375	
	Pt 2 - Visitor Survey								41,230	
	Pt 2 - Convention Survey								7,125	
	TOTAL EXPENSES	286,326	473,157	255,306	106,797	223,735	292,914	1,638,235	1,471,985	120,000



Wednesday, April 17, 2019

Additional Funding Options for CBJ Assembly for JEDC FY20 Budget

The Juneau Economic Development Council requests funding for FY20 of \$415,000.

There are opportunities and challenges ahead for city, region and state. The JEDC Board would like to keep focused on a set of strategic actions tailored to this specific moment to help Juneau’s economy prosper during difficult economic times in Alaska. In addition to core funding in FY19, JEDC was awarded one-time funding of \$75,000 of the \$165,000 we requested to focus on four strategic investments, listed below. In FY20, we are requesting the \$90,000 balance of the \$165,000 to advance our efforts in these areas. We are not asking for resources to take on additional new tasks, but to complete the work started in FY19 in each of these areas.

Core Funding: \$325,000 for FY19 and FY20

JEDC appreciates the increase to our core support in this two-year budget cycle of \$25,000 to return to core funding levels in FY13 and FY14. We are not seeking a change to our funding budgeted for FY20 of \$325,000. Core funding supports the execution of JEDC’s annual Board approved budget and work plan, which is in alignment with the Juneau Economic Plan. The core funding allows JEDC to deliver on its mission through its five areas of focus: 1) Help Make Juneau a Great (Capital) City, 2) Strengthen Key Regional Industries, 3) Develop Talent, 4) Promote Entrepreneurship and Small Businesses, and 5) Deliver Economic Development Services. Core resources are leveraged significantly, historically bringing in twice or more of direct additional resources to JEDC to deliver economic development programming. The stability of the core funding allows JEDC to maintain basic infrastructure, pursue long-term goals and invest in developing and retaining talented staff.

Additional Strategic Investments: \$90,000, balance of FY19 request of \$165,000 (FY 19 award was \$75,000).

1. Invest in Juneau’s Entrepreneurial Capacity

Main Activities:

- Organize and host a second Juneau Start-Up Weekend
- Implement second Alaska Angel Conference. First ever Angel Conference was developed with three “leads”, one each in Anchorage, Fairbanks and Juneau. Through this process in FY19, we have six active Juneau investors directly participating (including JEDC) and two companies from Southeast participated in the pitch process. We intend to host in Juneau in FY20 or FY21.
- Create networking opportunities for entrepreneurs, create more content for entrepreneurs in Innovation Summit and link entrepreneurs in Juneau to networks, programs, competitions, and resources across Alaska.

- Metrics: # of (potential) entrepreneurs engaged; # of new businesses created; # of new products launched; # of new investors identified; # of partnerships; and investment \$.

2. Pursue Innovation in Mariculture and Ocean Industries

(Included in the JEP).

Main Activities:

- Position Juneau as a/the center of a growing mariculture industry in Alaska. The JEDC Ocean Products Cluster Working Group members identified mariculture as a potential \$1 billion industry in Alaska several years ago. In February 2018, the Governor's Alaska Mariculture Development Plan reaffirmed the potential of mariculture in Alaska and anticipates it to grow to be a \$100 million industry in 20 years, from the current level of just a few million. As this industry grows, investments will coalesce around communities that provide strong support. UAS has world-class expertise in seaweed cultivation and has research assets at Auke Bay. JEDC will identify private firms interested in developing this industry and encourage them to partner with UAS and/or locate in Juneau. JEDC will work closely with NOAA research, UAS and UAF, State agencies and private firms to encourage investment in our region with economic benefit to our community.
 - Potential Metrics: research dollars; firms investing or doing business in Juneau; research partnerships.
- Ocean Cluster. With federal funding support, JEDC successfully supported the activities of the Southeast Ocean Products industry through a Cluster Working Group. While we continue to see the incredible importance and potential of the ocean economy to our region, our work with an Ocean Products Working Group in Southeast has been limited by access to resources. JEDC would like to deepen our efforts to support the Ocean Products Industry in our region. The Bering Sea Fishermen's Association has been actively supportive of creating an Alaska Ocean Cluster. JEDC is a member of their advisory group. JEDC will use our experience and expertise in cluster work to support inclusion of Southeast Alaska into this initiative. JEDC will continue to promote increased utilization of ocean products and link our firms with resources and markets outside of Alaska.
 - Metrics: issues important to the maritime/ocean products industry in Juneau/Southeast considered at Alaska Ocean Cluster; initiatives developed that support Southeast ocean product development; # of businesses from our region participating in collaborative industry development.

3. Attract Talent to Juneau: Choose Juneau

(Included in the JEP)

This effort has progressed successfully to date, but a more sustained effort is needed. Over the past few years, JEDC has created a web presence, active FB page, collaboration with human resource managers, presentations to

organizations around Juneau, short video clips and a growing awareness of the opportunity that exists in attracting talent to our community.

As work becomes more mobile and more people can choose where to live while making a living remotely, it is paramount that Juneau fully understand and anticipate this trend. We have good reason to believe that Juneau offers a very attractive life-style for a remote worker. But how best to attract them to Juneau? And what types of workers would be most attracted to Juneau? What conditions do we need to better develop in Juneau so that workers Choose Juneau? How do we most effectively and efficiently reach these people?

To date, we have made modest investments to create Choose Juneau tools: website, Facebook page, Instagram account, some marketing materials, etc. Many places would also like to promote their communities in the same way. It is clear to us at JEDC that doing this half-heartedly will produce little impact. We propose a higher level of investment so that we can better understand the potential and pursue specific opportunities.

Actions include:

- Create a suite of better tools and have a more polished and meaningful presence that will meet the needs of most of Juneau's human resource recruitment departments (and save them all time and resources collecting and sharing information about living in Juneau).
- Better understand the market of potential workers that might be willing to work remotely from Juneau.
- Better understand the market of potential workers that might be willing to relocate to Juneau, including their families.
- Identify companies (like Seattle-based Tune Inc.), to consider locating employees in Juneau.
 - Potential metrics: # of HR Departments using Choose Juneau; # of investments informed by Choose Juneau; # of persons moved to Juneau to work.

4. Visitor Industry Growth—Ensure Growth in Tourism is Positive for Juneau
(Included in the JEP)

Juneau is Alaska's most visited community during summer. That fact is the result of the wonderful characteristics of Juneau and the growing demand for cruise travel experiences. In 2018, Juneau received a record number of visitors via the cruise industry. That number will increase by about 15% in 2019 to over 1.3 million. In the summer of 2020, we expect additional growth of 4 or 5%. While the pace of future growth can be debated, there is every indication that visitor growth in Juneau will continue.

JEDC has successfully supported the Visitor Products industry through a cluster working group over the past 7 years. Although outside federal funding for this

effort ended a few years ago, JEDC has supported these efforts through our core budget and fundraising efforts. There have been many meaningful positive outcomes of this work. Newer efforts in recent years have focused on the emerging needs and opportunities of the small cruise industry. A hallmark of this effort has been the open engagement by non-industry stakeholders as well as individual firms.

At the February 2019 Innovation Summit, we dedicated considerable time to raising awareness amongst attendees and the public about the acceleration of growth over the next few years and the resulting opportunities (as well as some challenges) in the visitor products industry. We brought the CEO of the Iceland Tourism Cluster to Juneau to participate in the Innovation Summit. Iceland is one of the few northern locations experiencing more rapid growth in tourism than Juneau. This experience has led to deeper insights into managing growth.

By engaging with Tourism Best Management Practices (TBMP), the Visitor Products Cluster Working Group, and with community members, we have also become more aware of concerns within the community about impacts of the growing industry. Several of these issues will be further explored with participants at a community workshop entitled Tourism Growth and Juneau, scheduled for late April.

JEDC would like to continue to assist Juneau to pro-actively “ensure growth in tourism is positive for Juneau.” Through collaboration with members of the Visitor Products Cluster Working Group, TBMP and other stakeholders, we would like to:

- Influence growth so that we achieve maximum positive impacts on Juneau’s economy, such as increased winter tourism, local business formation and expansion, increased investment, enhancements of adjacent sectors (such as the arts, entertainment, retail, health care, etc.), dual benefit infrastructure, etc.;
- Anticipate and address potential negative impacts;
- Support review of current TBMP (Tourism Best Management Practices) and consider areas of enhancement over the next 1 to 3 years; and,
- Explore longer-term (10+ years) growth scenarios to ensure Juneau’s visitor carrying capacity and tourism growth are widely supported and anticipated.
 - Potential Metrics: public understanding regarding growth in the visitor products industry; initiatives identified to ensure growth is positive.

Utility Rates



Water and Wastewater Utility Rates

- **Wastewater and Water utilities are currently in a good financial position from an annual cash flow and fund balance perspective**
- **On July 1, 2018, the last utility rate increase for the five year period approved by the Assembly became effective**
- **The current revenue projections are sufficient to cover projected annual operating expenses and allow a modest investment in CIP needs for the next couple of years**
- **We have developed a 10 year CIP Needs List and will continue to refine that as we move forward. Through this process it is obvious that there are more capital infrastructure needs than there are resources available.**
- **Our challenge remains to prioritize these needs to be pro-active and keep the utility system in a state of good repair. This will allow essential services to be provided to the community at a reasonable cost**

Utility Infrastructure

Water

- 180 miles of pipe
 - From JD Treatment Plant to Cohen Dr.
 - Downtown Douglas to just before North Douglas Highway Boat Launch
- 1,450 hydrants
- More than 9,700 water connections
- 37 pressure reducing valves
- 9 pump stations

Wastewater

- 3 wastewater treatment plants
- 140 miles of pipe
 - From JD Treatment Plant to Wadelich Creek on Glacier Highway except the Mendenhall Peninsula
 - Downtown Douglas to Bonnie Brae on North Douglas
- More than 7,150 sewer connections
- More than 2,775 manholes
- 45 lift stations

Utility Advisory Board Recommendation

- Past history shows a lack of consistent and predictable rate adjustments that resulted in necessary rate increases that were large, creating “rate shock” for customers
- At the March 14, 2019 UAB meeting, the UAB voted 5-1 to recommend a 4% increase to both Water Utility and Wastewater Utility rates for each of the next 5 years
- The UAB also recommends a \$5 million annual CIP investment in both utilities for a total \$10 million CIP investment annually in utility infrastructure
- This level of rate increase and CIP investment provides sufficient revenues to fund the annual operations budget, address reasonable deferred maintenance and replacement needs and maintain a financial reserve in the Enterprise Fund
- This rate increase recommendation is based on the expectation that future special 1% sales tax approvals by the voters will result in similar allocations to utility CIP needs. The allocation of sales tax revenues mitigates the need for larger rate increases

CBJ Water Utility Updated Rate Model UAB Recommendation

REVENUE

EXPENSE

Fiscal Year	Starting Fund Balance	Water Utility Revenues	DEC Grants	DEC Loans	Sales Tax*	Passenger Fees	Additional Rate Revenue	CIP Spending	Debt Service	Operating Costs	Ending Fund Balance**
FY14		4,266,924	50,000	200,000			-	850,000	162,531	3,095,804	3,444,685
FY15	3,444,685	4,530,440	3,000,000	7,800,000	465,000	1,200,000	-	12,785,000	183,409	2,645,424	4,803,462
FY16	4,803,462	4,966,182	3,000,000		1,527,000		-	5,857,000	173,816	2,705,053	5,755,118
FY17	5,755,118	5,246,935	-	(5,270,000)			-	(4,380,000)	244,596	2,483,587	7,627,325
FY18	7,627,325	5,609,662	-				-	2,500,000	73,977	2,548,696	7,665,101
FY19	7,665,101	5,682,911	-		-		-	1,600,000	74,573	2,820,772	8,852,667
FY20	8,852,667	5,727,645	-		1,000,000		99,520	5,050,000	72,600	2,452,750	8,104,482
FY21	8,104,482	5,763,288	-		1,000,000		406,042	5,213,000	210,936	2,504,258	7,345,618
FY22	7,345,618	5,808,562	-		-		621,323	5,105,000	232,624	2,556,847	5,881,032
FY23	5,881,032	5,848,305	-		-		845,216	5,212,205	229,662	2,610,541	4,522,145
FY24	4,522,145	5,888,780	-		-		1,078,065	5,321,661	226,699	2,665,362	3,275,267
FY25	3,275,267	5,937,503	-		1,000,000		1,320,227	5,433,416	156,250	2,721,335	3,221,996
FY26	3,221,996	5,987,093	-		1,000,000		1,354,862	5,547,518	154,300	2,778,483	3,083,650
FY27	3,083,650	6,036,080	-		1,000,000		1,576,442	5,664,016	152,350	2,836,831	3,042,976
FY28	3,042,976	6,022,000	-		1,000,000		1,805,777	5,782,960	150,400	2,896,405	3,040,988
FY29	3,040,988	6,022,000	-		1,000,000		2,043,139	5,904,402	148,450	2,957,229	3,096,046

Assumptions:

Future Rate Increase (FY20 January-June):	4.00%
Future Rate Increase (FY21 thru FY25):	4.00%
Future Rate Increase (FY26 thru FY29):	3.50%

Operational Cost Inflation (FY21 thru FY29):	2.10%	
CIP Contribution Base Amount (FY22 thru 5,105,000 \$5 mil inflation adju:	CIP Spending Inflation(FY22 thru FY29):	2.10%

Sales Tax 1% (FY25 thru FY29)	1,000,000
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*Special Sales Tax Funding FY19-24 \$2.0M

**Should have 3-4 months of operating expenses available (approx. 1-1.5 million)

***Financial Reserve (Operational \$1M+ Capital \$2M) Target = \$3 million

CBJ Wastewater Utility Updated Rate Model UAB Recommendation

Fiscal Year	REVENUE						EXPENSE			
	Starting Fund Balance	WW Utility Revenues	DEC Loans	Sales Tax*	Passenger Fees	Additional Rate Revenue	CIP Spending	Debt Service	Operating Costs	Ending Fund Balance**
FY14		9,572,483	1,150,000	-	-	-	1,500,000	587,305	8,214,378	8,265,804
FY15	8,265,804	10,088,393	23,400	-	-	-	23,400	645,387	8,333,707	9,552,206
FY16	9,552,206	11,417,877	10,000,000	-	-	-	13,940,000	581,582	8,218,974	8,646,719
FY17	8,646,719	11,976,034	10,000,000	-	-	-	10,550,000	566,790	8,508,830	11,558,616
FY18	11,558,616	13,111,961	-	-	-	-	4,815,000	507,848	7,780,229	10,519,920
FY19	10,519,920	13,442,927	-	2,000,000	-	-	5,845,000	513,100	10,388,650	9,216,097
FY20	9,216,097	13,080,012	-	2,600,000	-	248,360	5,825,000	506,300	9,643,900	9,169,269
FY21	9,169,269	13,040,033	-	1,500,000	-	1,013,309	8,915,000	1,778,213	9,846,422	4,182,977
FY22	4,182,977	13,045,761	-	3,700,000	-	1,550,561	5,105,000	1,776,893	10,053,197	5,544,209
FY23	5,544,209	13,050,467	-	3,200,000	-	2,109,304	5,212,205	1,754,822	10,264,314	6,672,638
FY24	6,672,638	13,038,839	-	500,000	-	2,690,396	5,321,661	1,628,752	10,479,864	5,471,596
FY25	5,471,596	13,040,258	-	2,000,000	-	3,294,732	5,433,416	1,504,958	10,699,942	6,168,269
FY26	6,168,269	13,044,682	-	2,000,000	-	3,381,164	5,547,518	1,344,898	10,924,640	6,777,059
FY27	6,777,059	13,018,000	-	2,000,000	-	3,934,135	5,664,016	1,328,053	11,154,058	7,583,067
FY28	7,583,067	13,018,000	-	2,000,000	-	4,506,459	5,782,960	1,311,219	11,388,293	8,625,054
FY29	8,625,054	13,018,000	-	2,000,000	-	5,098,815	5,904,402	1,294,364	11,627,447	9,915,656

Assumptions:

Future Rate Increase (FY20 January-June):	4.00%
Future Rate Increase (FY21 thru FY25):	4.00%
Future Rate Increase (FY26 thru FY29):	3.50%

Operational Cost Inflation (FY21 thru FY29)	2.10%
\$5 mil inflation	
CIP Contribution Bas 5,105,000 adjusted	CIP Spending Inflation(FY22 thru FY29): 2.10%

Sales Tax 1% (FY25 thru FY29)	2,000,000
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*Special Sales Tax Funding FY19-24 \$13.5M

**Should have 3-4 months of operating expenses available (approx. 3-4 million)

***Financial Reserve (Operational \$3M+ Capital \$4M) Target = \$7 million

City Manager's Recommendation

- **Adjusting utility rates to mitigate the affects of inflation provides stable and predictable rate increases for customers and provides stable and predictable revenues for utility staff to plan, design and construct necessary infrastructure improvements to maintain service levels and asset conditions**
- **A 2% rate increase each year for the next 5 years will provide this level of revenue and will allow utility staff to develop projects from the 10 year CIP Needs List in a prioritized and efficient manner**
- **This will result in a sustainable CIP base investment of \$4 million annually for each utility while continuing to meet operational budget needs and maintain a reasonable fund balance**
- **The first increase should be effective in January 2020. This will coincide with the removal of the \$4 household hazardous waste fee on utility bills. A 2% rate increase for a typical single family residential customer (water and wastewater) would be \$3, resulting in a slightly lower combined utility bill**
- **The second increase should occur in July 2021. This provides 18 months between each of the last three increases, softening the impacts to customers. Subsequent increases would be effective in July 2022-2024**

CBJ Water Utility Updated Rate Model

REVENUE

EXPENSE

Fiscal Year	Starting Fund Balance	Water Utility Revenues	DEC Grants	DEC Loans	Sales Tax*	Passenger Fees	Additional Rate Revenue	CIP Spending	Debt Service	Operating Costs	Ending Fund Balance**
FY14		4,266,924	50,000	200,000			-	850,000	162,531	3,095,804	3,444,685
FY15	3,444,685	4,530,440	3,000,000	7,800,000	465,000	1,200,000	-	12,785,000	183,409	2,645,424	4,803,462
FY16	4,803,462	4,966,182	3,000,000		1,527,000		-	5,857,000	173,816	2,705,053	5,755,118
FY17	5,755,118	5,246,935	-	(5,270,000)			-	(4,380,000)	244,596	2,483,587	7,627,325
FY18	7,627,325	5,609,662	-				-	2,500,000	73,977	2,548,696	7,665,101
FY19	7,665,101	5,682,911	-		-		-	1,600,000	74,573	2,820,772	8,852,667
FY20	8,852,667	5,727,645	-		1,000,000		49,760	5,050,000	72,600	2,452,750	8,054,722
FY21	8,054,722	5,762,957	-		1,000,000		201,030	5,213,000	210,936	2,501,805	7,092,968
FY22	7,092,968	5,814,004	-		-		304,571	4,080,000	232,624	2,551,841	6,347,078
FY23	6,347,078	5,858,796	-		-		410,182	4,161,600	229,662	2,602,878	5,621,916
FY24	5,621,916	5,903,726	-		-		517,906	4,244,832	226,699	2,654,935	4,917,082
FY25	4,917,082	5,956,264	-		1,000,000		627,784	4,329,729	156,250	2,708,034	5,307,117
FY26	5,307,117	6,008,978	-		1,000,000		739,860	4,416,323	154,300	2,762,195	5,723,137
FY27	5,723,137	6,061,867	-		1,000,000		854,177	4,504,650	152,350	2,817,439	6,164,743
FY28	6,164,743	6,022,000	-		1,000,000		970,781	4,594,743	150,400	2,873,788	6,538,593
FY29	6,538,593	6,022,000	-		1,000,000		1,089,716	4,686,638	148,450	2,931,263	6,883,959

Assumptions:

Future Rate Increase (FY20 January-June):	2.00%
Future Rate Increase (FY21 thru FY25):	2.00%
Future Rate Increase (FY26 thru FY29):	2.00%

Operational Cost Inflation (FY21 thru FY29):	2.00%
CIP Contribution Base Amount (FY22 thru 4,080,000 inflation	2.00%
CIP Spending Inflation(FY22 thru FY29):	2.00%

Sales Tax 1% (FY25 thru FY29)	1,000,000
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*Special Sales Tax Funding FY19-24 \$2.0M

**Should have 3-4 months of operating expenses available (approx. 1-1.5 million)

***Financial Reserve (Operational \$1M+ Capital \$2M) Target = \$3 million

CBJ Wastewater Utility Updated Rate Model

Fiscal Year	REVENUE						EXPENSE			
	Starting Fund Balance	WW Utility Revenues	DEC Loans	Sales Tax*	Passenger Fees	Additional Rate Revenue	CIP Spending	Debt Service	Operating Costs	Ending Fund Balance**
FY14		9,572,483	1,150,000	-	-	-	1,500,000	587,305	8,214,378	8,265,804
FY15	8,265,804	10,088,393	23,400	-	-	-	23,400	645,387	8,333,707	9,552,206
FY16	9,552,206	11,417,877	10,000,000	-	-	-	13,940,000	581,582	8,218,974	8,646,719
FY17	8,646,719	11,976,034	10,000,000	-	-	-	10,550,000	566,790	8,508,830	11,558,616
FY18	11,558,616	13,111,961	-	-	-	-	4,815,000	507,848	7,780,229	10,519,920
FY19	10,519,920	13,442,927	-	2,000,000	-	-	5,845,000	513,100	10,388,650	9,216,097
FY20	9,216,097	13,080,012	-	2,600,000	-	124,180	5,825,000	506,300	9,643,900	9,045,089
FY21	9,045,089	13,039,232	-	1,500,000	-	501,687	8,915,000	1,778,213	9,836,778	3,556,017
FY22	3,556,017	13,048,685	-	3,700,000	-	760,081	4,080,000	1,776,893	10,033,514	5,174,377
FY23	5,174,377	13,055,264	-	3,200,000	-	1,023,643	4,161,600	1,754,822	10,234,184	6,302,677
FY24	6,302,677	13,043,711	-	500,000	-	1,292,475	4,244,832	1,628,752	10,438,868	4,826,412
FY25	4,826,412	13,043,283	-	2,000,000	-	1,566,685	4,329,729	1,504,958	10,647,645	4,954,049
FY26	4,954,049	13,043,806	-	2,000,000	-	1,846,379	4,416,323	1,344,898	10,860,598	5,222,414
FY27	5,222,414	13,018,000	-	2,000,000	-	2,131,666	4,504,650	1,328,053	11,077,810	5,461,568
FY28	5,461,568	13,018,000	-	2,000,000	-	2,422,660	4,594,743	1,311,219	11,299,366	5,696,900
FY29	5,696,900	13,018,000	-	2,000,000	-	2,719,473	4,686,638	1,294,364	11,525,353	5,928,018

Assumptions:

Future Rate Increase (FY20 January-June):	2.00%
Future Rate Increase (FY21 thru FY25):	2.00%
Future Rate Increase (FY26 thru FY29):	2.00%

Operational Cost Inflation (FY21 thru FY29)	2.00%
CIP Contribution Bas 4,080,000 inflation	
CIP Spending Inflation(FY22 thru FY29):	2.00%

Sales Tax 1% (FY25 thru FY29)	2,000,000
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*Special Sales Tax Funding FY19-24 \$13.5M

**Should have 3-4 months of operating expenses available (approx. 3-4 million)

***Financial Reserve (Operational \$3M+ Capital \$4M) Target = \$7 million

Dear Assembly:

The Utility Advisory Board (UAB) recommends that both the Water and the Waste Water Utility rates be raised 4% each of the next 5 years. The UAB understands the concerns about the rising cost of living in Juneau and while Juneau's Utility rates are relatively high there are historical and current reasons for this. Understanding that the cost of the utility is part of the city's responsibility the UAB is tasked to advise the Assembly on how to maintain a financially sound Utility run as a standalone enterprise. The assembly may decide to finance the Water and Wastewater utility using other resources besides rate adjustments and that is their prerogative. The UAB's recommendation is based on the assumption that the utilities will receive at least the same sales tax allocation in FY25 – FY29 as they are receiving in the current cycle. This rate model also does not fund an average of \$7 million annually that would be needed to fully fund the 10 year anticipated CIP needs list.

A brief narrative of the History leading up to this point is necessary to understand the context of why the UAB recommends this increase. In 2003 a Utility consulting firm (FCS Consulting) was hired to create a financial model of the Juneau Utilities. This model revealed that the Water and Waste Water utility were in dire financial straits. The Utility had been operating at a net loss of \$25 million during the prior 20 years, had not funded depreciation during this period and **had not made a rate adjustment for 15 years**. Because the Utilities had not incorporated Depreciation in its rates, the long-term replacement and maintenance provisions needed were not funded. In 2004 the assembly raised rates 39% for Waste water and 19% for Water. These increases only got the Utility on an operational cost recovery basis. However, because of fear of rate shock these increases did not address the past lapse of replacement and maintenance preparation. Ten years later another study was performed in 2013, **again there had been yet another stretch of years without a rate increase**, so the assembly acted with rate increase of 8.5% and 6% for the Waste Water and water utility **but this time instituted a five-year plan that included rate adjustments each of the next five years.**

We are now in 2019 and the rate plan to cover the water and wastewater utility ends this July. The UAB believes consistent rate adjustments based upon the Rate Model are central to keeping the water and wastewater utility department financially healthy without the need for the rate shocks of the past. The goals of the past five-year plan were accomplished, and the results are that the CBJ Utilities are on better financial footing. Setting a rate schedule allows the Utility Staff to better plan. That said we have yet to fully address the maintenance and replacement needs of the Water and Wastewater Utilities in Juneau stemming in part from past actions that did not fund depreciation. However, we have started!

The UAB proposes that the assembly adopt a rate plan again to cover the next period of five years. Concurrently, the Utility Staff will focus on a ten-year plan to address the long-term issue of deferred maintenance and the replacement needs of the Water and Wastewater Utility of the CBJ. The UAB will continue to work with staff to monitor and understand imbalances in the financial plan and will keep the assembly apprised annually.

Future assembly actions can change these proposed rates during the next five-year period. The model we have used is guiding the operations financially, yet we still face long deferred maintenance issues within the complex infrastructure of the water and wastewater utilities. The UAB will continue to act and advise the assembly into the future. The UAB meets frequently with staff and are diligent in their commitment to be efficient and frugal in the management of this vital component of our community.

We recommend you adopt a five-year plan that includes a 4% rate increase for each of the Water and Wastewater Utilities. Thank you for your time and consideration.

UAB

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: March 28, 2019

FROM: Duncan Rorie Watt
City and Borough Manager

SUBJECT: FY20 Passenger Fee Proceeds Recommendations - DRAFT

Based on our latest projection of passengers expected to visit this summer, the amount of revenue available in FY20 is anticipated to be \$6,000,000. Attached to this cover are the recommendations for funding. A few notes on changes from past years and next steps that I intend to pursue:

1. Due to the impact of the legal fees on this year's allocation, the Port Operations and Port Building costs are allocated to Port Development Fee. I expect this to revert back to Marine Passenger Fee in FY21.
2. In accordance with MOA with CLIAA, we will perform a cost allocation plan to evaluate the budgeting of indirect costs.
3. A new idea is the Congestion Mitigation Pilot project. Cruise industry and tourism members support an attempt to minimize heavy truck traffic during peak tourism activity times. The details are not worked out on this idea. I am unsure if this pilot idea may be able to be put in place this summer. Conceptually, staff and AML are attempting to come up with a pilot project that would reduce conflict between the trucking of goods and busy tourist times. There are many details that would have to be resolved, including whether this program would be available to other shippers.
4. Now that the litigation has been completed, we have several projects that will get greater attention:
 - a. Role of public fund for capital improvements at the private docks. In FY19 we provided funds for "Public/Private Port Infrastructure Planning."
 - b. "Small Cruiseship Moorage Master Planning." Funding was also provided in FY19.
5. Exactly related to 4A above, I have included some level of funding for infrastructure at the two private docks in this year's proposed allocation. This is a change from recent years. This recommendation will similarly trigger the conversation on the role of the public fees at the private docks.

FY20 Draft Marine Passenger Fee Request & Recommendation

Operational Services:

	<u>Provider:</u>	<u>Requested</u>	<u>Funding Recommendations for FY20</u>	
			<u>MPF</u>	<u>PDF</u>
Tourism Best Management Program	TBMP	15,000	15,000	
Crossing Guards	Travel Juneau	325,460	325,460	
Downtown Police Foot/Bike Patrol	CBJ	197,378	197,378	
Downtown Restrooms	CBJ	105,000	105,000	
Visitor Information Services	Travel Juneau	148,300	148,300	
Downtown Cleaning	CBJ	103,400	103,400	
Downtown Security Program	DBA	65,000	65,000	
Additional BLS Ambulance	CBJ	226,600	226,600	
Port Operations	Docks Enterprise	225,000	0	225,000
Port/Customs Building	Docks Enterprise	133,500	0	133,500
Pay Phones	CBJ	10,000	10,000	
Seawalk Maintenance	CBJ	45,000	45,000	
Weather/Current Monitoring	Marine Exchange of Alaska	30,000	30,000	
Program Services Overhead/Full Cost Allocation	CBJ	1,400,000	1,400,000	
Shipping Congestion Mitigation (Pilot Project)	Contract	30,000	30,000	
Updated Cost Allocation Plan	Contract	50,000	50,000	
Legal Fees to CLIA		1,500,000	1,500,000	
Legal Fees to CBJ (Transfer to Statter)		450,000	450,000	

Total Operational Services Requests: 5,059,638 4,701,138

Capital Projects/Grants to Private Docks:

Seawalk Major Maintance	CBJ	85,000	85,000	
Seawalk Permitting/Planning/Design	CBJ		46,062	
Seadrome Shore Power	Goldbelt Seadrome Dock	300,000	0	
Large Berth Shore Power Feasibility/System Impact Analysis	Docks Enterprise	3,500,000	250,000	
Powerlift Gurney	CBJ	45,000	45,000	
Electric EMS Response Vehicle	Docks Enterprise	25,000	25,000	
Dock Face Guardrail	Docks Enterprise	2,000,000	0	
Security Checkpoint Queuing Structure Phase II	Docks Enterprise	200,000	200,000	
Ship Security/Safety/Training	AJ Dock	139,800	139,800	
Mooring Bollard Addition	AJ Dock	2,950,000	0	
Response Boat Operations	AJ Dock	19,600	19,500	
Safety Fencing	AJ Dock	68,500	68,500	
Security and Screening Facility (Architecture/Design)	AJ Dock	300,000	0	
Restrooms	AJ Dock	25,000	25,000	
Dock Security	Franklin Dock	85,000	85,000	
Restrooms	Franklin Dock	25,000	25,000	
Dock Maintenance & Refurbishment	Franklin Dock	39,000	0	
Dock Maintenance & Upgrade (Big Fender Reimbursement)	Franklin Dock	285,000	285,000	
Shore Power Infrastructure Upgrades	Franklin Dock	290,000	0	
Seawalk/Staging Area Maintenance	Franklin Dock	30,000	0	

Total Capital Projects/Grant Requests: 10,411,900 358,500

Grand Total all Requests: 15,471,538 \$6,000,000 \$358,500

OPERATIONS

Tourism Best Management Practices Support

This provides funding for printing, public notices, advertisements, and a contractual amount 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. Travel Juneau administers the program with the funding provided by Marine Passenger Fee proceeds.

Travel Juneau - Crossing Guards

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.

JPD - Downtown Foot/Bike Patrol

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.

Downtown Restroom Maintenance

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

Visitor Information Program

Travel Juneau 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.

Downtown Road Cleaning and Maintenance

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.

Downtown Security Program - Downtown Business Association

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.

CCFR - Seasonal BLS/Firefighter Program

This funding pays for six seasonal EMTs from April to October. 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

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

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 Travel Juneau. 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.

Downtown Pay Phones

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. We believe that this practice may end in the next couple years, but the phones still get used.

Seawalk Maintenance

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

Weather/Current Monitoring System Operations and Maintenance

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.

Program Services Overhead/Full Cost Allocation Identified Government Operations

In 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. As part of the settlement of the CLIAA litigation, CBJ and CLIAA have agreed that there would be no objection

to continuing to use the historic formula for another year and that CBJ would revisit the cost allocation after this season and implement the results in the coming years.

Shipping Congestion Mitigation (Pilot Project)

Truckers, tour operators and dock operators are concerned about the ability to efficiently move people through town during the peak congestion periods. This project would fund a pilot project to experiment with off-peak hour trucking to alleviate some of the congestion issues. There are many details that would have to be worked out, but CBJ should decide whether to intervene or not in this area and if so whether to do so by regulation or by inducements.

Updated Cost Allocation Plan

In accordance with the CLIAA/CBJ MOA, these funds would be used to revisit CBJ's cost allocation approach.

Legal Fees

In accordance with the CLIAA/CBJ MOA, these funds would be used to partial funding to both parties legal fees. CBJ's portion would be redirected to the Statter Harbor Passenger for hire project.

Capital Projects/Grants

Waterfront Seawalk: Major Maintenance

This CIP would be used to battle the ongoing settlement issues that occur at the interface of the seawalk and the land. The seawalk is pile supported and does not settle, but adjacent filled land areas on public and private property continue to settle, causing potential tripping hazards. Installation of landscaping barriers provides one solution to this problem.

Waterfront Seawalk: Continued Planning/Permitting

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. CBJ's goal continues to be a seawalk from the rock dump to the bridge.

Large Berth Shore Power Feasibility/System Impact Analysis

These funds would be used to determine the feasibility of the installation of more shore power connections at the CBJ docks and/or the AJ Dock. Currently, the Franklin Dock is the only cruise ship dock that is equipped for shore power. These funds would accomplish the Assembly goal of figuring out the necessary steps to connect more ships to shore power.

Powerlift Gurney

These funds would be used to purchase a powerlift gurney for CCFR. The gurney would allow two people to safely move a patient into an ambulance, without risk of dropping the person or injury to CCFR staff. This gurney will reduce the practice of deploying the fire engine to medical calls.

Electric EMS Response Vehicle

These funds would be used to purchase an electric emergency medical service response vehicle. The vehicle would be used in tandem with the powerlift gurney, allowing for more efficient transfers of patients into the ambulances.

Port of Juneau – Security Checkpoint Queuing Structure Phase II

These funds would be used for the construction of a security structure at the top of the gangway at the CBJ berths. Recent upgraded Homeland Security protocols require the CBJ to monitor the flow of passengers as they return to the cruise ships.

AJ Juneau Dock, LLC – Security and Safety: Training, Equipment/Maintenance, Etc.

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.

Juneau Port Security and Short-Range Response Boat

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 cannot 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.

AJ Dock Safety Fencing

These funds would be used to support the cost of upgrading barrier fencing at the AJ Dock. Fencing is required as part of the Dock's port security requirements.

AJ Juneau Dock, LLC - Restroom Cleaning and Maintenance

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

Franklin Dock Enterprises, LLC - Dock Security

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.

Franklin Dock Restroom Cleaning and Maintenance

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

Franklin Dock Maintenance/Upgrade Bigger Fender Reimbursement)

These funds would be used to reimburse the purchase of 10' wide yokohama fenders that are necessary to allow berthing of the larger vessels that are being deployed to the Juneau market.

**CITY AND BOROUGH OF JUNEAU
AFC's Pending List - FY20 Revised Budget Process
As of April 15, 2019**

Pending Amount Not in Base Budget
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Item	Expenditure Description		
<u>Other Operating Pending Items (Not included in Manager's Base Budget)</u>			
1		-	
Total Operating Exp - Per AFC action		\$ -	

<u>CIP Items (Not included in Manager's Base Budget)</u>			
aa	CIP Airport Funding - Sales Tax (AFC request to assist LEEDS Cert)	300,000	1
bb	Marine Passenger Fee Priorities of CIP Resolution 2845	581,100	1
Total CIP - per AFC Action		\$ 881,100	

Key
1 One-Time

City and Borough of Juneau
Increased Funding Requests for the FY20 Revised Budget
April 15, 2019

Requested Increments Not Included In Manager's FY20 Revised Budget

	Program/Service/Idea	Requestor	How Often	FY20 Requested Increment	Existing Assembly Grants	Notes
1	Juneau Festival Committee	JFC	Ongoing	\$ 8,700	\$ 31,300	\$5K - 1 x for used Conex, \$2.7K recurring increase.
2	Juneau Commission on Aging	JCOA	Ongoing	\$ 10,000	\$ -	Funding may go to JEDC for administration
3	Juneau Commission on Aging	JCOA	1-Time	\$ 22,000	\$ -	To update Senior Citizens Survey
4	Youth Activities Board (YAB)	YAB	Ongoing	\$ 17,500	\$ 332,500	Request to return to historical funding level of \$350k
5	SE Conference	SE Conf		\$ 20,000	\$ -	AMHS program development work
6	Mental Health/Substance Abuse	JCF		\$ 45,000	\$ -	Year 2 of 2 year study
7	seaaeyc - HEARTS Program	seaaeyc	Ongoing	\$ 89,800	\$ 90,200	Non-profit operating budget increment request.
8	JEDC	JEDC	Ongoing	\$ 90,000	\$ 325,000	
9	The Glory Hall (TGH)	Glory Hall	Ongoing	\$ 150,000	\$ -	Non-profit operating budget increment request (TGH currently receives ~\$62k in CBJ funding via JCF)
10	Land for Senior Housing	Manager	1-Time	\$ 1,512,000	\$ -	Land for Potential Assisted Living Project
11	Contract Negotiations	Manager	Ongoing	\$ -	\$ -	
12	New & Enhanced Marketing Initiatives	Travel Juneau (TJ)	1-Time	\$ 120,000	\$ 1,358,700	TJ scheduled to receive \$885K in CBJ funds + MPF Funding of \$474K.
	Subtotal			\$ 2,085,000	\$ 2,137,700	

Other Unfunded Concepts

	Program/Service/Idea	Requestor	How Often	Requested Increment	Existing Assembly Grants	Notes
A	New JACC	New JACC	1-Time	\$ -	\$ -	
B	New City Hall	Manager	1-Time	\$ -	\$ -	Forward funding portion of New City Hall
C	Downtown Parking Solution	Manager		\$ -	\$ -	Build more parking capacity
D	Pre K & Day Care	Child Care Committee	Ongoing	\$ -	\$ -	Committee work underway
	Subtotal			\$ -	\$ -	

Assembly Finance Committee (AFC)

FY20 Revised Budget Calendar and Key Dates – as of 4/15/19

Wednesdays at 5:30 p.m., unless otherwise stated

APRIL 2019

- 3rd Special Assembly Meeting – 5:30pm – Followed by Assembly Finance Committee**
Special Assembly Meeting to Introduce FY20 Revised budget, immediately Followed by Assembly Finance Committee meeting, Chambers
- A. Introduction of the general operating (CBJ) budget ordinance
 - B. Introduction of the general operating School District budget ordinance
 - C. Introduction of the mill levy ordinance
 - D. Introduction of the CIP resolution
- 3rd AFC Meeting #1 – 5:30pm - Immediately following Special Assembly Meeting**
- A. Distribution of the Operating Budget, Capital Budget and Capital Improvement 6-Year Plan
 - B. FY20 Revised Budget Overview
 - C. School District Budget Presentation
 - D. Capital Improvements Projects Program Budget/Plan
- 10th AFC Meeting #2**
- A. Juneau International Airport (Patty Wahto, Airport Manager)
 - B. Docks & Harbors (Carl Uchytel, Port Director)
 - C. FY20 Budget Overview – Round 2
 - D. Capital Improvements Projects Program Budget/Plan – For Action
- 17th AFC Meeting #3**
- A. Travel Juneau (JCVB) (Liz Perry, President/CEO)
 - B. JEDC (Brian Holst, Executive Director)
 - C. Water & Wastewater Utility Rate Update
 - D. Marine Passenger Fee Recommendations – For Review
- 24th Special Assembly Meeting at 5:30pm - Followed by Assembly Finance Committee**
Within 30 days after receipt of the (school) budget, the assembly shall determine the amount to be made available from local sources for school purposes, and shall furnish the School board with a statement (motion) of the amount to be made available for FY20 School District operations. (Charter Section 13.6 (b))
- The following actions must be completed by May 1, per Charter Section 9.6.
- A. Public hearing on the CBJ operating budget ordinance
 - B. Public hearing on the School District operating budget ordinance
 - C. Public hearing on the capital improvement program resolution
 - D. Public hearing on the on the mill levy ordinance
- 24th AFC Meeting #4 (Immediately following Special Assembly Meeting)**
- A. Youth Activities Board (YAB) Presentation (Tom Rutecki / Dave Pusich)
 - B. Bartlett Regional Hospital (Kevin Benson, CFO)
 - C. Proposed Mill Rate Presentation
 - D. Debt Service Presentation
 - E. School District - Funding “outside the cap” discussion
 - F. School Operating Budget – For Action
 - G. Pending Items List

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City and Borough of Juneau

Assembly Finance Committee (AFC)

FY20 Revised Budget Calendar and Key Dates – as of 4/15/19

Wednesdays at 5:30 p.m., unless otherwise stated

MAY 2019

- 1st BREAK – No meeting unless needed for critical items.**
- 8th AFC Meeting #5**
A. *Waste Management / Recycleworks Program Revenue*
B. *Requested Budget Increments*
C. *Marine Passenger Fee Recommendations – For Action*
D. *FY19 Supplemental Ordinance*
E. *Pending Items List*
- 13th Regular Assembly Meeting – Monday – 7pm**
A. *Adoption of the School District’s general operating budget ordinance*
- 15th AFC Meeting #6**
A. *Fund Balance Overview – Review Fund Balance*
B. *Pending Items List*
C. *Final FY20 Revised Budget Decisions –*
 a. *Mill Levy Ordinance 2019-05*
 b. *General CBJ Operating Ordinance 2019-06*
- 22nd AFC Meeting #7 – If Necessary**
Meeting for overflow items or new requests that come up during budget process.

By May 31st, the assembly must determine the amount to be made available from local sources for school purposes (Charter Section 13.6 (b))

JUNE, 2019

- 3rd Regular Assembly Meeting – Monday – 7pm**
A. *Adoption of the general operating (CBJ) budget ordinance*
B. *Adoption of the CIP resolution*
C. *Adoption of the mill levy ordinance*
- 12th AFC Meeting – If Necessary**

The Charter requires that the following budget actions be made by June 15th:

- **Appropriating Ordinances Adopting a Budget (Charter Section 9.7 (a))**
- **Mill Levy Ordinance (Charter Section 9.7 (b))**
- **CIP by Resolution (Charter Section 9.8)**