

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, May 4, 2022, 5:30pm

I. CALL TO ORDER

The meeting was called to order at 5:47 pm by Chair Triem.

II. ROLL CALL

Committee Members Present: Carole Triem, Chair; Mayor Beth Weldon; Greg Smith; Christine Woll; Michelle Bonnet-Hale; Alicia Hughes-Skandijs; Wade Bryson

Committee Members Present Virtually: None

Committee Members Absent: Maria Gladziszewski; Wáahlaal Gíidaak

Staff Members Present: Rorie Watt, City Manager; Robert Barr, Deputy City Manager; Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst; George Schaaf, Parks and Recreation Director; Rich Etheridge, Fire Department Chief

Others Present: Amy Skilbred, Juneau Community Foundation Executive Director ; Nancy DeCherney, Juneau Arts & Humanities Council Executive Director ; Alexandra Vrabec, Downtown Business Association Director ; Steve Behnke, Alaska Heat Smart President; Alec Mesdag, Alaska Heat Smart Treasurer; Andy Romanoff, Alaska Heat Smart Executive Director; Emily Thompson, Association for the Education of Young Children Parents as Teachers Program Manager; Blue Shibler, Association for the Education of Young Children Executive Director

III. APPROVAL OF MINUTES

The April 27, 2022 minutes were approved as presented.

IV. AGENDA TOPICS

Chair Triem informed the Committee that Agenda Item "F", *Childcare Stipends Update and Funding Request*, was struck from the agenda to be discussed at a later date.

a. Juneau Community Foundation

Chair Triem introduced Amy Skilbred, Executive Director of the Juneau Community Foundation (JCF) who presented packet pages 8-15.

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Ms. Skilbred stated that JCF's grant process includes meeting with providers to establish priorities, reviewing grants through interim reports and interviews, and a professional advisory committee that reviews letters of interest and applications. Staff follows up with applicants and the professional committee makes recommendations to the board. Grants are announced in early April each year and awarded in July and August.

The amount available from CBJ for these grants has remained constant at \$806,400 since 2016. This year, JCF requested a \$750,000 increase in funding for reasons Ms. Skilbred specifically detailed in her letters to the Committee on packet pages 8, 9 and 12. Detailed breakdowns of grant allocations on packet pages 11 and 15 provide a summary of the Juneau Hope Endowment and CBJ Social Service grants between 2017 and 2021.

Ms. Skilbred urged the Committee to grant the full \$750,000 increase and stated that any additional CBJ funds would be allocated to social service nonprofits through the existing annual Juneau Hope Endowment/ CBJ Social Services Grant Program and grants would be provided in July/August 2022.

Ms. Skilbred answered Committee questions.

Jeff Rogers, Finance Director, directed the Committee to a table on packet page 52 which breaks down specific funding already included in the Manager's Budget versus what JCF requested additionally. The Manager's Proposed Budget includes a 10% inflationary increase to the Assembly's grant for social service programs administered through JCF. The proposed budget also includes the addition of \$150,000 for The Glory Hall (TGH) operations, and merges the Juneau Youth Services and Juneau Alliance for Mental Health (JAMHI) grants that were previously administered directly through CBJ into the JCF grant process.

Mr. Rogers answered Committee questions.

Motion #1: by Mayor Weldon that the Committee reduce the Manager's Budget by \$150,000 for funding for TGH and have TGH, instead, request funding through JCF directly.

Mayor Weldon commented that the original intent of the \$150,000 funding for TGH was meant to be a one-time supplemental appropriation in FY21 with future requests coming through JCF, instead of the recurring award in addition to JCF funding that it has become.

The Committee discussed the motion.

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Ms. Skilbred clarified that TGH is already set to receive \$90,000 from JCF and that it is understood that the \$150,000 from the Manager's Budget was always contingent on budget approval.

Mayor Weldon withdrew her motion for discussion at a later meeting.

Motion #2: by Mayor Weldon that the Committee move JCF's request for additional funding to the Decision List.

Motion passed by unanimous consent.

b. Juneau Arts and Humanities Council

Nancy DeCherney, Executive Director at Juneau Arts & Humanities Council (JAHC), presented packet pages 16-22 which detail planned allocations for the total arts funding request of \$250,000. The Manager's Budget includes a 10% inflationary increase over the status quo funding of \$167,500. The additional \$65,700 request from the JAHC is included on the Decision List for consideration.

In response to Mayor Weldon's question, Mr. Rogers clarified that using the balance in the Hotel Bed Tax Fund for arts funding instead of pulling from the General Fund is certainly possible, but it can become an issue and a burden on the General Fund in the future if the Hotel Bed Tax Fund eventually cannot continue to fund the request.

Motion: by Mayor Weldon to move the additional \$65,700 for arts grants to the Decision List.

Motion passed by unanimous consent.

c. Downtown Business Association

Mr. Rogers introduced Alexandra Vrabec, Director of the Downtown Business Association (DBA) who requested DBA's annual \$75,000 in CBJ support for FY23.

Mr. Rogers reminded the Committee that this request is not in the Manager's Budget, which was the direction of the Assembly last year as previous funding was intended to be one-time funding. He also clarified that CBJ unrelatedly grants passenger fees to DBA to operate the Downtown Ambassador Program which is separate from DBA's \$75,000 request for operations support.

Ms. Vrabec reviewed DBA's approach and strategies for effective spending, summarized future plans, and promoted FY22 accomplishments on packet pages 23-27.

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Ms. Vrabec answered Committee questions.

Mayor Weldon noted that the original intent of funding this request was to assist DBA in obtaining the Main Street America accreditation. She did not think that this funding was intended to be recurring.

Motion: by Mayor Weldon to move DBA's request for \$75,000 in CBJ support for operations to the Decision List, as one-time funding.

Motion passed by unanimous consent.

The Committee recessed at 6:38pm.

The Committee reconvened at 6:52pm.

d. Alaska Heat Smart

Mr. Rogers stated that Alaska Heat Smart (AHS) requested \$250,000 in total funding in FY23, which breaks down to \$140,000 in operating support and \$110,000 as the working cash reserve (detailed on the Decision List on packet page 42).

Mr. Rogers introduced Steve Behnke, President of Alaska Heat Smart. He presented packet page 67 which summarizes AHS purpose and community achievements.

Mr. Behnke presented packet pages 38-43. He summarized other funding awards through the True North Federal Credit Union (Heat Pump Loan Program), Housing and Urban Development (HUD) Healthy Homes grant, and a federal grant award for heat pump installations, all equaling large program growth of about \$2.4 million. He explained AHS would not have been able to achieve this without CBJ appropriated funds because certain funds, like the HUD program grant, are reimbursement grants which create cash flow problems. For this reason, \$110,000 of the \$250,000 AHS requested funding is for a significant cash reserve.

Mr. Behnke summarized new program plans in FY23 specifically with federal funding and for low-income energy efficiency and he answered Committee questions about CBJ loan and budget management. In response to Mayor Weldon's questions, Mr. Behnke mentioned that it is the goal of AHS to find grant funding that could replace CBJ funding altogether.

In response to Committee questions about measurable city-wide energy efficiency ultimately contributing to more affordable housing, Alec Mesdag, Treasurer of Alaska Heat Smart explained that Alaska Electric Light and Power is interested in

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spearheading a study comparing energy efficacy and efficiency between electric baseboard heaters and heat pumps in the hopes that they may create an incentivizing program for installing heat pumps. He further explained that if everyone in Juneau were to replace their oil heat systems with heat pumps, then that may cause a need for new, city-wide electrical infrastructure. Knowing that, AHS is still very interested in seeing replacement of electric resistance heat with heat pumps which would enable the city to save energy and redirect it to heat pumps that offset oil heating systems and how that change will manifest in measurable energy savings over time.

In terms of managing cash flow, Mr. Mesdag explained that AHS is partnered closely with Southeast Conference, Tlingit and Haida Regional Housing Authority, and Cold Climate Federal Research Center who are all familiar with federal contracting and can therefore assist AHS in limiting any issues in billing federal agencies. However, the HUD federal reimbursement grant contract is a four year commitment, and it's possible that without CBJ's funding for cash reserve, AHS might fall prey to the slow minutia of federal reimbursement and therefore struggle to keep employees and contractors steadily paid while attempting important work.

Mr. Mesdag reiterated that the awarded HUD grant and other grants detailed on packet page 38 are steps in the right direction for AHS to diversify their income stream to become a more sustainable organization long term and eventually entirely shrink CBJ's contribution to AHS over time.

Andy Romanoff, AHS Executive Director, was available for questions.

Motion #1: by Mayor Weldon that the Committee add and accept a one-time \$140,000 grant for AHS operations as an amendment to the manager's budget.

Motion passed by unanimous consent.

Motion #2: by Mayor Weldon to move \$110,000 for AHS cash flow reserve to the Decision List.

Motion passed by unanimous consent.

e. Association for the Education of Young Children (AEYC)

Robert Barr, Deputy City Manager, introduced Blue Shibler, Executive Director of Southeast Alaska Association for the Education of Young Children (AEYC).

Mr. Barr explained that the AEYC is in a phase of transition after losing consistent long-term sub grants previously administered by *thread*, another early childhood

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support education program based in Anchorage. He further explained that the AEYC request totaling \$500,000 between FY23 and FY24 are stabilization funds until a more sustainable fund plan is in place, hopefully by FY25.

Ms. Shibler presented packet page 45 which details AEYCs programs. She summarized AEYCs background on packet page 43. Details of AVEC FY23 Operating Budgeting Costs are on packet page 44.

Ms. Shibler reiterated that AEYC is well positioned to provide support and high-quality learning for all children with help from CBJ and that they are very hopeful that a stable funding plan will be in place by FY25.

Ms. Shibler answered Committee questions about anticipated revenues and plans for additional revenue.

Emily Thompson, Manager of the Parents as Teachers Program with AEYC, spoke to student and family demographics within the program. This program can serve 150 children a year of which 40% of families are low-income, 30% are Alaskan Native or mixed race, 25% have two "high needs indicators" (i.e. homelessness, substance abuse, etc.).

Motion #1: by Mayor Weldon to amend the budget to add \$102,000 for AEYC operations.

Objection: by Assemblymember Smith for reasons to delay a week to discuss other options for funding.

Mayor Weldon withdrew her original motion.

Motion #2: by Mayor Weldon to move both AEYC FY23 and FY24 requests for funding to the Decision List.

Motion passed by unanimous consent.

f. Manager's Proposed Increments

Rorie Watt, City Manager, summarized the Manager's Proposed Increments detailed on packet pages 51-52. No action was required from the Committee.

Mr. Barr introduced the items for Consideration on the Decision List on packet pages 53-54. Rich Etheridge, Capital City Fire and Rescue (CCFR) Fire Chief, requested funding for the expanded Mobile Integrated Health (MIH) Program which has been highly effective in the community and greatly successful in reducing the overall burden on the emergency department by providing

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emergency services that, previously, could only be performed in the Emergency Room.

Mr. Barr mentioned (to be discussed in greater detail at a later date) that CBJ is in the early stages of working with CCFR, the Juneau Police Department (JPD), JAMHI, the Alaska Mental Health Trust Authority, and Bartlett Regional Hospital (BRH) to develop a “Crisis Now” model response program which employs teams of trained mental health professionals to respond to emergencies involving those in mental health crisis instead of deploying police officers. MIH will likely become a large part of Crisis Now in Juneau.

In FY22 the Fire Department received a state funded grant to expand MIH to include an additional full-time paramedic, two full-time EMTs, one part-time EMT, and half of an administrative assistant position. It is unknown whether the state funding for the expanded program will continue into FY23. The Fire Department requested the Assembly fund the expanded MIH program so it can better recruit and retain quality staffing, in turn providing stability to program goals and objectives. The Fire Department will continue to search and apply for grants and contracts to offset the cost to the general fund.

Chief Etheridge answered Committee questions. He clarified that CCFR will have better clarity on what kind of funding is available through the Alaska Department of Health and Social Services for MIH after the state budget is approved.

In response to Mayor Weldon’s question, Mr. Rogers stated that the Assembly could direct BRH to fund MIH completely, or they could redirect \$518,000 of Tobacco Tax that currently goes to BRH to support mental health and substance abuse programs to MIH instead.

Mr. Barr and Mr. Rogers answered Committee questions.

Chief Etheridge explained expanded CCFR duties through MIH and shared direct community impacts. He also clarified that MIH does not currently collect any revenue, but they are working on being able to bill Medicaid for services.

Motion: by Mayor Weldon to move the expanded MIH program to the Decision List.

Motion passed by unanimous consent.

Mr. Watt introduced George Schaaf, Director of CBJ Parks & Recreation who was available to answer Committee questions about his increment requests on packet pages 53-54.

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Assemblymember Woll asked about the Dimond Park Field House and any potential for revenues to increase to over 40% of cost recovery. Mr. Schaaf stated that 40% cost recovery is likely the max that facility will see without raising rates to a level that is unsustainable for the Juneau community.

Motion: by Mayor Weldon to move both Parks and Recreation increment requests to the Decision List.

Motion passed by unanimous consent.

Mr. Barr presented the Warming Shelter Proposed Budget Increment detailed on packet page 54.

Motion: by Mayor Weldon to move the Warming Shelter increment to the Decision List.

Motion passed by unanimous consent.

The Committee recessed at 8:11pm.

The Committee reconvened at 8:22pm.

Mr. Rogers stated the Finance Department will make a technical correction to the Manager's FY23/24 Budgets to include the increments for the Clerk's Office.

g. Capital Improvement Plan Amendments

Chair Triem presented packet pages 55-59 which detail her proposed amendments to the FY23 Capital Improvement Plan (CIP).

Motion: by Mayor Weldon to amend the FY23 CIP resolution to add \$75,000 for the Jackie Renninger Park Plan.

Mayor Weldon stated that both the Jackie Renninger Park and the Sigoowu Ye Park reside in underserved neighborhoods and therefore funding their improvements fit with Assembly goals to spread funding equitably across the community.

Mr. Schaaf answered Committee questions regarding the standards for level of service in the neighborhoods across Juneau in terms of easy access to parks and playgrounds. Juneau aims for each neighborhood to be within ten minutes of a park or playground. Mr. Schaaf clarified that the Jackie Renninger Park parcel is a large undeveloped piece of land that exists in the most underserved neighborhood in Juneau for park access. The planning for building a new recreation service park

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will require substantial public engagement via hiring a consultant which is where the majority of the \$75,000 would be allocated.

Motion passed by unanimous consent.

Motion: by Mayor Weldon to adopt the amendment for the Sigoowu Ye Park lighting improvements.

The Committee discussed the motion.

Motion passed by unanimous consent.

Assemblymember Smith presented packet page 59 which details his request to submit an amendment that would expand the circulator study to include a fixed infrastructure transportation.

Mr. Watt clarified that the request for fixed transportation will absolutely be discussed in the planning process.

No further action was needed from the Committee on this item.

h. Update: FY22 Investment Income

Mr. Rogers presented packet pages 60-61 which he stated was the Finance Department's attempt to showcase what is likely to be a prodigious loss in investment income in FY22. Total performance of the portfolio is estimated by investment advisors to be -3.73% which is a significant loss on a \$168 million portfolio.

Mr. Rogers stated that the portfolio is expected to decline \$6.25 million. However, CBJ received more than that in market returns in the past few years as interest rates dropped.

The only option to reduce losses like this in the future is to have a portfolio that is even more conservatively invested than the one CBJ already has which is not recommended for a municipality the size of CBJ.

Mr. Rogers answered Committee questions. He clarified that the effects of this loss on the FY22 budget will be reflected as a \$4.5 million loss to the General Fund.

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i. Update: Budget Summary & Fund Balance

Mr. Rogers presented packet pages 62-64 and clarified that all items highlighted in yellow were recently updated by the Finance Department for FY22, and reflect action taken by the Assembly. He briefly reviewed the highlighted items.

Mr. Rogers clarified that the \$572,385 in Reversal of Actual SMPFs from ARPA Funds listed on packet page 62 is reflective of actual state marine passenger receipts CBJ received for the limited cruise ship visitation experienced in the summer of 2021. This amount will be deposited in the passenger fee funds and reduces the hold harmless provision amount of ARPA funds that the Assembly accepted into the General Fund.

j. Info Only: Decision List

This item was included as information only for easy reference and support for other agenda topics.

V. NEXT MEETING DATE

a. May 11, 2022

VI. ADJOURNMENT

The meeting was adjourned at 8:55pm.