

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, May 11, 2022, 5:30pm

I. CALL TO ORDER

The meeting was called to order at 5:32 pm by Chair Triem.

II. ROLL CALL

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

Committee Members Present Virtually: None

Committee Members Absent: Wáahlaal Gíidaak; Michelle Bonnet-Hale

Staff Members Present: Rorie Watt, City Manager; Robert Barr, Deputy City Manager; Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst; Dr. Bridget Weiss, Juneau School District (JSD) Superintendent; Cassee Olin, JSD Director of Administrative Services; John Bohan, CBJ Chief Engineer; George Schaaf, Parks and Recreation Director; Jorden Nigro, Parks and Recreation Youth Development and Services Manager; Dave Scanlan, Eaglecrest General Manager

Others Present: Brian Holst, Juneau Economic Development Council Executive Director; Jake Carpenter, Juneau Economic Development Council Treasurer; Dr. Elizabeth Siddon, JSD School Board President

III. APPROVAL OF MINUTES

The May 4, 2022 minutes were approved as presented.

IV. AGENDA TOPICS

a. Juneau Economic Development Council (JEDC)

Chair Triem introduced Brian Holst, JEDC Executive Director and Jake Carpenter, JEDC Treasurer.

Mr. Carpenter stated that JEDC will not ask for an increase in funding in FY23.

Mr. Holst very briefly reviewed the comprehensive presentation and reports on packet pages 12-50 specifically highlighting JEDC's "Five Areas of Focus" on packet pages 17-22 and plans for FY23-FY24 annual support from CBJ on packet page 23.

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Mr. Holst answered Committee questions.

Motion: by Mayor Weldon to approve the JEDC budget.

Motion passed by unanimous consent.

Chair Triem moved to adjust the agenda and hear the "School District Budget – For Action" agenda item before the "Decision List" agenda item. Hearing no objections, the change was made.

b. Budget Summary Update

Jeff Rogers, Finance Director, presented packet pages 52-53.

Mr. Rogers reviewed the Assembly Adopted Changes to the FY23 Manager's Proposed Budget.

Mr. Rogers explained the State Reimbursement of Previously Unreimbursed School Bond Debt \$16 million revenue amount. The Alaska Senate and the House of Representatives funded \$200+ million that would repay municipalities for unreimbursed school bond debt that should have been reimbursed in previous years. However, action by the Senate to add additional costs to the state budget on May 10, 2022 caused the Senate version of the budget to swing from a \$1 billion surplus to a \$1 billion deficit. It is unclear whether school bond reimbursement will be approved or vetoed by the Governor at this time as a direct result. Mr. Rogers stated that the Committee is in an unenviable position as the status of the \$16 million reimbursement could heavily influence budgetary decisions made that evening. He stated there is no way to predict whether the funding will be approved.

Mr. Rogers reviewed projections for the FY24-FY26 budgets modeled off of previous year's expenditures and anticipated tax and service growth and showcased resulting projected deficits on packet pages 53-55. In summary, for FY24-26, after all one-time funding from previous budgets is removed and forecasted expenditures and revenues accounted for, a projected \$5-6 million deficit is expected every year. This projection drains the Unrestricted Fund Balance to less than \$5 million by FY26. Mr. Rogers stated that if corrective actions on the budget are not enacted by the Committee, then there would not be enough money in FY27 to run government.

He also demonstrated to the Committee that if CBJ is not reimbursed \$16 million by the state for school bond debt, then FY23 would end in a \$6 million deficit and corrective action by the Assembly would be needed much sooner.

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Mr. Rogers answered Committee questions.

Robert Barr, Deputy City Manager, and Rorie Watt, City Manager, answered Committee questions around tourism and cruise ship volume. As of May, cruise ships are operating at just over half capacity.

c. School District Budget – For Action

Mr. Rogers informed the Committee to reference packet pages 61-62 for information regarding outside-the-cap funding for the Juneau School District (JSD) budget.

Dr. Bridget Weiss, JSD Superintendent, Cassee Olin, JSD Director of Administrative Services and Dr. Elizabeth Siddon, JSD School Board President, were available for questions.

Motion #1: by Assemblymember Smith that the Committee appropriate the outside the cap funding for \$157,700.

Assemblymember Smith withdrew his motion.

In response to Assemblymember Smith's question, Mr. Rogers clarified that each year, historically, the Manager's Proposed Budget for the JSD includes the maximum local contribution amount plus whatever the Assembly approved for outside-the cap funding in the previous year. The JSD, then, can request additional outside-the-cap funding if needed

Packet page 61 compares JSD's FY22 outside-the-cap funding to their FY23 request, reflecting an increase of \$157,700.

Motion #2: by Mayor Weldon to approve the Juneau School District budget as presented.

Mr. Rogers stated that it would be easier if the Committee made a decision on outside-the-cap funding before making a motion.

Mayor Weldon withdrew her motion.

Motion #3: by Mayor Weldon to approve the JSD's outside the cap funding request of \$2,275,000.

Amendment: by Mayor Weldon to add \$80,000 as one-time funding to replace wrestling mats for Floyd Dryden.

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Objection to Amendment: by Assemblymember Woll for the purpose of a question.

Assemblymember Woll asked why the request for new wrestling mats was not included in the original funding request.

Dr. Siddon stated that the JSD board does not have an established system in place for high cost equipment replacement purchases especially as they grapple with general cost restraints because of their limited budget.

Assemblymember Bryson suggested that the Assembly and JSD Board members check with the activities supervisors to determine an itemized list of needed, major equipment or recreation area refurbishments before the next Joint Assembly School Facilities meeting so that budgetary requests for these projects are expected and organized.

Objection to Amendment: by Assemblymember Hughes-Skandijs.

Assemblymember Hughes-Skandijs objected to the process by which the request for the wrestling mats made it to the floor and agreed with Assemblymember Bryson that a more organized and bureaucratic method for determining funding for recreational equipment should be in place.

Roll Call Vote on Amendment

Aye: Weldon, Smith, Bryson, Triem

Nay: Hughes-Skandijs, Woll, Gladziszewski

Amendment Failed. Four (4) Ayes, Three (3) Nays.

Objection to Motion #3: by Assemblymember Bryson to comment.

Assemblymember Bryson stated, based on his personal research, that with enrollment in the JSD continuing to decline and facilities costs continuing to compound, CBJ is now spending less money on education for each student than it is on facility costs.

Roll Call Vote on Motion #3

Aye: Weldon, Woll, Hughes-Skandijs; Gladziszewski, Smith, Triem

Nay: Bryson

Motion Passed. Six (6) Ayes, One (1) Nay.

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Motion #4: by Mayor Weldon to move School District Ordinance 2022-07 as amended by the Committee to the full Assembly.

Motion passed by unanimous consent.

The Committee recessed at 6:31pm.

The Committee reconvened at 6:42pm.

Mr. Rogers stated that he intended to present Amendments to the Biennial Budget on packet page 56 when discussing Agenda Item “b. Budget Summary Update”. He briefly summarized each Amendment and stated that they are explained in fuller detail in the memo on packet pages 57-58. He reminded the Committee that neither Amendment has any impact at all on General Funds (GF).

John Bohan, Chief Engineer was available for questions.

Motion: by Mayor Weldon to approve the Police E911 System Replacement from the Fleet and Equipment Reserve Fund Balance for \$810,000 and approve the Biosolids Solutions Capital Improvement Project (CIP) for \$2.5 million from Wastewater Fund Balance.

Motion passed by unanimous consent.

d. Decision List

Item #1 on the Decision List was discussed and voted upon under Agenda Topic “c. School District Budget – For Action”.

Mr. Rogers presented the Decision List (DL) on packet pages 59-60.

Decision List Item #2 - \$102,000 request within Parks & Recreation for Sheiyi xaat hit (the Juneau Youth Shelter (JYC)) to fund one full time position and two part-time positions for a Youth Development Leader (potentially grant funded).

More information for the JYC is available on packet pages 64-65.

George Schaaf, Director of Parks and Recreation, and Jordan Nigro, Youth Development and Services Manager of Parks and Recreation, were available for questions.

Motion: by Mayor Weldon to approve \$102,200 for the Youth Development Leader with Parks and Recreation.

Objection: by Mayor Weldon.

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Mayor Weldon stated that CBJ's operating budget includes a \$3.4 million deficit which does not yet include potential wage increases which could be \$2 million or more resulting in a potential \$5 million deficit. She commented that, although CBJ is "rich" in one-time funding, on-going expenses are not sustainable at this time.

The Committee discussed the motion and objection.

In response to Committee questions regarding the memo on packet page 64, Mr. Schaaf clarified that the memo was a direct response to Assembly questions about Youth Facility costs. He further explained that \$92,500 reflects GF support that Parks and Recreation is requesting in their FY23 budget request for the Youth Shelter. \$300,000 is what is projected to be needed in subsequent years based on grants Parks and Recreation anticipates receiving. Separately, there is an increment request for additional staff which is what is on the DL for \$102,200.

Mr. Schaaf answered Committee questions. Mr. Schaaf stated that the Youth Facility has been entirely funded by grants and not by general funds up to this point. The additional requests are in anticipation of less grant funding in the coming fiscal years.

Roll Call Vote

Aye: Woll, Hughes-Skandijs, Gladziszewski, Bryson, Smith, Triem

Nay: Weldon

Motion Passed. Six (6) Ayes, One (1) Nay.

Decision List Item #3 – Recreation Coordinator within Parks and Recreation Department

Motion: by Mayor Weldon to approve the increment request for \$69,600 to fund a Recreation Coordinator for the Dimond Park Field House.

Objection: Mayor Weldon, Assemblymember Hughes-Skandijs

Mayor Weldon stated her objection is due to this position not having sustainable funding source.

Roll Call Vote

Aye: Smith, Triem

Nay: Weldon, Woll, Bryson, Hughes-Skandijs, Gladziszewski

Motion Failed. Two (2) Ayes, Five (5) Nays.

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Decision List Item #4 - Warming Shelter Contract Increase (6-Month Operating Period instead of 5-Month; Coincides with Annual Closing Date of Mill Campground)

Motion: by Mayor Weldon to grant the increased general funds request of \$30,000 over the Manager's Proposed Budget for a one month extension to the warming shelter contract.

Objection: by Mayor Weldon

Mr. Barr stated that warming shelter usage varied over the winter. Usage in its last month of operation was 40 beds a night.

Mr. Schaaf clarified that the Mill Campground cannot open a month early because of weather and ground conditions and because of staff limitations.

Roll Call Vote

Aye: Bryson, Hughes-Skandijs, Smith, Gladziszewski, Woll, Triem

Nay: Weldon

Motion Passed. Six (6) Ayes, One (1) Nay.

Decision List Item #5 – Capital City Fire and Rescue: Expanded Mobile Integrated Health (MIH) Program

Motion: by Assemblymember Bryson to approve funding request of \$540,700 for the expanded MIH program.

Objection: by Mayor Weldon to propose an amendment.

Amendment: by Mayor Weldon to move \$540,700 for one-time funding in FY23 from the General Fund (GF), then fund it from Tobacco Tax revenue that currently goes to Bartlett Regional Hospital (BRH) in the amount of \$518,000 in FY24 and in the future.

The Committee discussed the motion and amendment.

In response to Assemblymember Smith's question regarding how other similar programs to MIH are funded outside of Juneau, Mr. Barr clarified that programs like MIH are new and normally grant funded at first, but most other municipalities are making the effort to fund them more sustainably as grant funding declines.

Mr. Rogers clarified with the Assembly that the FY24 Manager's Proposed Budget will include the full cost of MIH and will also redirect Tobacco Tax revenue from

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BRH back to the GF to fund MIH. If the cost of MIH exceeds the allocated Tobacco Tax revenue, the Finance Department will present the difference before the Assembly.

Mayor Weldon stated that she hoped state funding would make up any difference in cost between actual cost of MIH and funding from Tobacco Tax.

The Manager will always request an update from MIH regarding outside funding and productivity every year in case the revenue source might change.

The amendment passed by unanimous consent.

The original motion, as amended, passed by unanimous consent.

Decision List #6 – Eaglecrest (EC) GF Support for Pay Plan Adjustment

Dave Scanlan, Eaglecrest General Manager, was available for questions.

Motion: by Mayor Weldon to approve the \$210,000 request of general funds for Eaglecrest's pay plan adjustment.

Objection: by Mayor Weldon

Mayor Weldon stated that the EC staff and Board should meet with Human Resources to come up with a sustainable pay plan and revenue source.

Mr. Watt clarified that the Manager's Proposed Budget already includes a 7.5% wage scale increase which was enacted by the EC Board in January 2022 ensure each employee is paid at least minimum wage. The \$210,000 requested increase would provide another 14% increase in wages, for a total combined increase of almost 22%.

Amendment #1: by Assemblymember Woll to change the GF support amount from \$210,000 to \$105,000.

Assemblymember Woll stated that providing partial funding indicates the Assembly's intent and commitment to higher wages for EC employees and allows the opportunity for the EC Board to determine a more sustainable pay plan. She also clarified that she would like the EC board to raise wages for all EC employees as high as possible within competitive market value using EC revenue.

Objection to Amendment #1: Chair Triem, Assemblymember Hughes-Skandijs

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Chair Triem stated that she does not feel the EC Board has shown sufficient commitment to solving the problem of insufficient pay to employees.

Mr. Scanlan stated that the EC Board is planning to meet on May 18, 2022. He shared that the staff recommendation to the Board is a 10% increase across all products (ski passes, gear, gift shop, etc) that could translate to \$140,000 in additional revenue in a good weather year.

In response to Chair Triem's questions, Mr. Rogers clarified that the Assembly has the power to direct any Enterprise Board to do anything that is legal. For example, while the EC Board sets the wages for each EC employee, the Assembly has the power to direct the Board to raise wages a specific percentage funded from a specific revenue source if deemed appropriate.

The Committee discussed the amendment and Mr. Scanlan answered Committee questions.

Roll Call Vote on Amendment #1

Aye: Woll, Smith, Gladziszewski, Bryson

Nay: Weldon, Hughes-Skandijs, Triem

Amendment Failed. Four (4) Ayes, Three (3) Nays.

Amendment #2: by Assemblymember Smith to amend motion to \$55,000 in GF support and \$55,000 from EC funds specifically intended to increase wages.

Objection to Amendment #2: by Mayor Weldon

Roll Call Vote on Amendment #2

Aye: Smith, Gladziszewski, Woll, Hughes-Skandijs, Bryson, Triem

Nay: Weldon

Amendment passed. Six (6) Ayes, One (1) Nay.

Roll Call Vote on Original Motion as amended

Aye: Smith, Hughes-Skandijs, Woll, Gladziszewski, Bryson, Triem

Nay: Weldon

Motion passed. Six (6) Ayes, One (1) Nay.

Decision List Item #7 - Airport General Obligation Bond

Motion: by Mayor Weldon to table the Airport General Obligation Bond indefinitely.

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Objection: by Assemblymember Bryson.

Roll Call Vote

Aye: Woll, Weldon, Hughes-Skandijs, Smith, Gladziszewski, Triem

Nay: Bryson

Motion passed. Six (6) Ayes, One (1) Nay.

The Committee recessed at 7:37pm.

The Committee reconvened at 7:48pm.

Decision List Item #8 – \$75,000 request for Downtown Business Association (DBA) Main Street America Operations

Motion: by Mayor Weldon to approve the \$75,000 request for DBA Main Street America Operations.

Objection: by Mayor Weldon for the purposes of an amendment; Chair Triem

Amendment: by Mayor Weldon to fund DBA's \$75,000 request from the Hotel Bed Tax Fund instead of GF.

The amendment passed by unanimous consent.

Assemblymember Smith stated that he would like to see next year's request from DBA to be reduced by half, at least.

Assemblymember Woll suggested that the Assembly make the effort to give DBA clear insight on project funding and expectations.

Roll Call Vote for Motion as Amended

Aye: Weldon, Bryson, Smith, Gladziszewski, Woll

Nay: Hughes-Skandijs, Triem

Motion passed. Five (5) Ayes, Two (2) Nays.

Decision List Item #9 - Arts and Humanities Council Grant (budget includes 10% inflationary increase)

In response to Committee questions, Mr. Rogers clarified that \$344,900 was thus far approved for on-going costs with GF on the Decision List. Mayor Weldon commented that each time the Committee approves GF for an ongoing project, it adds to the deficit which will lead to more difficult decisions in the future.

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Motion: by Assemblymember Smith to table the Arts and Humanities Council Grant increased funding request indefinitely.

Objection: by Mayor Weldon for the purpose of a question.

Mayor Weldon removed her objection.

Motion passed by unanimous consent.

Decision List #10 - Juneau Community Foundation (JCF) – Social Services Block Grant (budget includes 10% inflationary increase + \$150K)

Motion: by Mayor Weldon to table JCF request indefinitely.

The Committee discussed the motion.

Amendment: by Assemblymember Gladziszewski to consider the JCF request at the Assembly Finance Committee meeting on May 18, 2022.

Objection: by Mayor Weldon.

Mayor Weldon reiterated that funding ongoing costs without a new revenue source will create a burden on the GF in the future.

Mayor Weldon removed her objection.

Assemblymember Hughes-Skandijs stated she is willing to cut other services to keep funding JCF in the future.

Motion passed by unanimous consent.

Decision List Item #11 - Merge Juneau Youth Services (JYS) and Juneau Alliance for Mental Health, Inc. (JAMHI) Grants into JCF Social Service Block Grant

Mr. Barr stated that CBJ will be working very closely with JAMHI, the Juneau Police Department (JPD), and MIH in the coming years to create a Crisis Now response team. He asked that the Committee keep the JAMHI grant separate from JCF's grant process to facilitate collaboration between CBJ and JAMHI for the Crisis Now initiative.

Motion: by Assemblymember Gladziszewski to merge the JYS grant into the JCF Social Service Block Grant.

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Motion passed by unanimous consent.

Decision List Item #12 and #13 – Southeast Alaska Association for the Education of Young Children (AEYC) Grants - Parents as Teachers & Operations

Motion: by Mayor Weldon to postpone AEYC Parents as Teachers and AEYC Operations to the Assembly Finance Committee meeting on May 18, 2022 when more information on what the State can provide is available.

Assemblymember Smith and Mayor Weldon stated that they are still working with Mr. Barr on funding solutions.

Motion passed by unanimous consent.

Decision List Item #14 - \$50,050 Request for Juneau Human Rights Commission (JHRC) - Afghan Refugee Sponsor Circle

Motion: by Mayor Weldon to table the \$50,050 request for JHRC Afghan Refugee Sponsor Circle indefinitely.

Mayor Weldon stated she wished for more information on this item before any further discussion.

Motion passed by unanimous consent.

Decision List Item #15 - Juneau Human Rights Commission (JHRC) - Community Engagement Project

Motion: by Mayor Weldon to approve the \$25,000 request for the JHRC Community Engagement Project.

Amendment: by Mayor Weldon to reduce the \$25,000 request to \$5,000 for JHRC to develop an action plan for community engagement.

Amendment passed by unanimous consent.

Original motion, as amended, passed by unanimous consent.

Decision List Item #16 - Juneau Festival Committee

Motion: by Mayor Weldon to approve the additional request of \$6,200 for the Juneau Festival Committee for 4th of July fireworks.

Motion passed by unanimous consent.

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Decision List Item #18 - Alaska Heat Smart (AKHS) Cash Flow Reserve

Motion: by Mayor Weldon to approve the AKHS grant of \$108,000 and fund it from the Affordable Housing Fund (AHF).

Amendment: by Assemblymember Bryson to reduce the amount to \$58,000 from the AHF as a grant.

The Committee discussed the motion and amendment.

Objection to Amendment: by Chair Triem.

Chair Triem stated that she is more comfortable allowing AKHS the amount for which they asked.

Roll Call Vote on Amendment

Aye: Bryson

Nay: Smith; Weldon; Hughes-Skandijs; Woll; Gladziszewski; Triem

Amendment Failed. One (1) Aye, Six (6) Nays.

Original motion passed by unanimous consent.

Mr. Rogers reported that, after recent approvals from the Decision List, the Committee spent \$1.04 million of GF in FY23, however only \$351,100 of this amount represents ongoing costs in FY24 and beyond.

e. Passenger Fee Plan – For Action

Mr. Rogers presented packet pages 77-79 and stated that the only new piece of information is the breakdown of municipal services on packet page 79.

Mr. Rogers and Mr. Watt answered Committee questions.

Motion: by Mayor Weldon to accept the Passenger Fee Plan.

Objection: Assemblymember Hughes-Skandijs

Assemblymember Hughes-Skandijs commented that that she does not agree with CBJ funding privately owned docks that will profit as a result.

Assemblymember Hughes-Skandijs removed her objection.

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Motion passed by unanimous consent.

f. Info Only: FY23 Youth Activity Grant Funding

Mr. Rogers presented packet pages 80-83 and stated that this request was consistent with previous year's procedure and the amount to be dispersed is in conformance with the Manager's Proposed Budget.

No action was required from the Committee.

g. Info Only: Sales Tax on Food

Mr. Rogers presented the ordinances on packet pages 84-88 to be introduced at the Regular Assembly meeting on May 16, 2022. Ordinance 2022-17 would place a question on the ballot to adjust the total summer sales tax rate to 6% by adding a seasonal 1% sales tax to make up for the sales tax exemption on food year round. Ordinance 2022-15 would amend the Uniform Sales Tax Code to exempt Supplemental Nutrition Assistance Program (SNAP) eligible foods if voters ratify the collection of seasonal 1% sales tax.

Mayor Weldon presented and summarized her alternative drafted ordinance on packet 89-92 which is an ordinance establishing a sales tax rebate program for lower income people which is modeled after the Senior Hardship Exemption.

The Committee discussed the ordinances presented.

Assemblymember Bryson commented that businesses across Juneau, especially small businesses, would struggle under a higher summer sales tax.

Assemblymember Smith stated that broader systematic change to sales tax is likely to help a wider range of the community rather than a focused strategy for sales tax exemption on food similar to the Senior Hardship Exemption.

Assemblymember Hughes-Skandijs asked how CBJ would compensate for lost revenue from sales tax on food. Mr. Rogers clarified that a one mill of property tax generates about \$5.5 million. Therefore, if CBJ exempted \$6.2 million of food, a one mill increase to the mill levy could compensate for most of the loss. The mill rate must be set by June 15th.

Assemblymember Gladziszewski suggested that the Committee consider a higher year round sales tax. Chair Triem agreed that a year round sales tax should still be considered especially since many of the Committee members have heard from small business owners very concerned about a higher seasonal tax.

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Mr. Rogers stated that staff plans to include the Sales Tax on Food discussion topic on the June 1, 2022 Assembly Finance Committee meeting agenda. The last day to pass an ordinance with a ballot measure for the October ballot is August 1st, 2022.

V. NEXT MEETING DATE

- a. **May 18, 2022**

VI. ADJOURNMENT

The meeting was adjourned at 8:52pm.