SPECIAL ASSEMBLY MEETING
THE CITY AND BOROUGH OF JUNEAU, ALASKA

Meeting Minutes - January 17, 2019

MEETING NO. 2019-03: The Special Meeting of the City and Borough of Juneau Assembly, held in the Assembly Chambers of the Municipal Building, was called to order at 7:11 a.m. by Mayor Beth Weldon.

I. CALL TO ORDER / ROLL CALL

Assemblymembers present: Mayor Weldon, Mary Becker, Loren Jones, Michelle Hale, Carole Triem, Wade Bryson

Assemblymembers absent: Rob Edwardson, Maria Gladziszewski, Alicia Hughes-Skandijs

Mayor Weldon asked all present to introduce themselves:
Senator Jesse Kiehl; Edric Carrillo, staff to Sen. Kiehl; Greg Smith, staff to Rep. Andi Story; Mike Vigue, Eng/Public Works Director; Brian Holst, JEDC Director and School Board President; Arnold Leibelt, staff to Rep. Hannan; Caitlyn Ellis, staff to Andi Story; Robert Barr, Library Director; Jane Mores, CBJ Law; Jill Maclean, Community Development Director; Bob Bartholomew, Finance Director; Greg Chaney, Lands Manager; Carl Uchytil, Port Director; Beth McEwen, Municipal Clerk; Diane Cathcart, Deputy Clerk; Kevin Jardell, CBJ AK Lobbyist; Katie Kachel and Mara Stark-Alcala, Washington D.C. lobbyists with Conlon Hartwell; Mila Cosgrove, Deputy City Manager; Robert Palmer, City Attorney; Rorie Watt, City Manager; Susan Phillips, Executive Assistant III.

Joining the meeting after the introductions were Representatives Sarah Hannan and Andi Story.

II. APPROVAL OF AGENDA

MOTION by Ms. Becker to approve the agenda. *Hearing no objections or changes, the agenda was approved.*

III. AGENDA TOPICS

A. Updates from Senator Kiehl and Representatives Hannan and Story

Senator Jesse Kiehl, Representatives Sarah Hannan and Andi Story introduced their staff members and extended their thanks to Juneau for the recent legislative reception. All members of the legislative delegation spoke about the concerns they have heard from constituents, their colleagues at the capital and what topics and concerns they see raising to the forefront during this legislative session. The topics of greatest concern and/or items they have begun working on included:

- Budget/fiscal health of the state,

- Ensuring costs are not shifted from the state to municipalities
- Public Safety and Education funding are at the top of the governor's budget to be held harmless along with paying full PFDs
- Deferred Maintenance of Capital Projects
- Legacy issues re: PERS/TERS
- the Governor's desire to privatize many of the state services such as: Alaska Marine Highway, police/troopers, prisons, mental health, DMV, etc...

The essential question facing the Governor and legislature will be: What is the state going to do and how will it fund it? The Governor has made it quite public that he will be reducing what the state does but he hasn't given details yet.

They also discussed the political structure at the state level with 14 freshmen legislators and the House still needing to reorganize. The Juneau and Northern S.E. delegation consists of 3 freshmen and they anticipate pulling and working together as the session unfolds.

B. Update from CBJ State Lobbyist Kevin Jardell

City Manager Watt said he was proud to provide the administrative structure to the community and was very excited that the Juneau delegation really understands the needs of the community from their unique experiences at the municipal and school board levels. He also shared how fortunate we are to have Kevin Jardell and Katie Kachel serving as our lobbyists at the State and Nations capitals since they too understand the needs of CBJ so well.

Lobbyist Kevin Jardell gave an overview of what he saw as the main things to expect during this legislative session. He shared that Governor Dunleavy came in and has started to do exactly what he campaigned he would do and that is to look for budget cuts to the general fund to be able to align the revenues with expenditures. He said the details at this time were not yet there and the governor will be delivering his State of the State address on January 22. Mr. Jardell expects there will be more details revealed during that address and then likely by the first week of February we will see the full budget.

Mr. Jardell recently met with staff from the Alaska Municipal League (AML) and he will be following closely all municipal related issues including some of the following:

- Possible cost shifting to the municipalities by the state for various services
- PERS/TERS
- Community Assistance (formerly "revenue sharing")
- School Bond debt reimbursement
- Crime reform relating to SB91 but also the shifting of prosecution to the local level which will result in cost shifting to municipalities
- Significant cuts likely to social services and the impacts on municipalities resulting from cuts to grants as well as the Medicaid programs

- Alaska Marine Highway System (AMHS) changes

Mr. Jardell said with respect to the AMHS there has been some recent wins with the new Alaska Class ferries during the previous administration and it was just announced that they would be doing some modification to those ferries to hopefully make them more cost effective to run. Those modifications include putting a side door into the ferries and not to put in crew quarters which will save approximately $20 Million.

Mr. Jardell said he is always following any talk of possible capital move attempts as there are efforts still alive up north to move the capital. He said there is one bill that has been introduced and that issue isn't dead.

In addition to the capital move bill, there are other efforts that come up during the session relating to municipalities and he will be following those closely as well. He said the he likes to meet with individual Assemblymembers throughout the year but he is postponing those meetings due to lack of detail at this time. Throughout session, he meets regularly with the Mayor and the City Manager. When it comes to specific issues Assemblymembers may wish him to address, it needs input from the full Assembly to provide that direction to him and that happens from time to time through the year. He said he very much values the opportunity to work for his city which is quite different from his other clients and he looks forward to working with this new Assembly.

Mr. Jones asked about the speculation and rumor cuts to the Medicaid Expansion and the impact that will have on the Hospital and children in the school system. He asked if Ms. Kachel or Ms. Stark-Alcala have seen any movement if that is rolled back and if there were any rules if the state decided to back out. Ms. Stark-Alcala noted that she could recall only one instance similar to that in which the Maine legislature approved the Medicaid expansion but that the governor didn't want to implement it. She said in that instance the legislature forced it through and she hasn't seen any that walk it back.

Mr. Jardell said that he doesn't see enough people in the legislature having the will to roll back the Medicaid expansion. He noted that hospitals have been weighing in extremely loudly about the importance of Medicaid expansion. It is pretty clear that Medicaid expansion is critical to the state and they are not likely to see it go away as long as the federal government continues to provide 90% input.

C. Update from CBJ DC Lobbyists Katie Kachel and Mara Stark-Alcala

Ms. Kachel and Ms. Stark-Alcala provided an overview of what was happening in Washington D.C. both with Congress as well as the administration and especially the affect of the partial governmental shutdown.

In Congress, following the 2018 elections, the House has now switched to Democratic control and they are still getting their committee structure organized. Nancy Pelosi is the

Speaker of the House and Congressman Don Young is Dean of the House. He also serves as the senior member on the Transportation Infrastructure Committee, Senator Lisa Murkowski is Chair of the Senate Energy and Natural Resources Committee and remains on the Senate Appropriation Committee, Senate Indian Affairs Committee, and the Senate Health, Education, and Labor Pensions Committee. Senator Dan Sullivan is on the Senate Commerce, Science and Transportation Committee and in a new development, Senator Sullivan will be chairing a subcommittee of Commerce plus security which is a brand new subcommittee organization which has oversight of TSA. He will still serve on Senate Armed Services, Environment/Public Works and Veterans Affairs committees.

Ms. Kachel then turned it over to Ms. Stark-Alcala who previously worked for the Senate Appropriations Committee and has a pulse on what the committee staff are thinking and feeling about the partial government shutdown.

Ms. Stark-Alcala said that this shutdown which is the longest in modern history and not to anyone's liking. She noted that with the House now under Democratic control, Congress has moved to vote on a bunch of appropriation bills to reopen the government either through the rest of the fiscal year or through February 8 which was the original agreement that broke down and caused the shutdown. They are currently at an impasse as the Senate is not taking up the bills due to veto threat from the President if they did not include money for his wall. She stated that there was a bill passed yesterday to allow for back pay to federal workers. She said the Alaska delegation did vote in favor of that bill.

Ms. Kachel reported that the shutdown impacts to Alaska are greater than most as it is one of the top states with the most federal employees per capita. She said it is not a full government shutdown as some agencies are fully funded for the year such as the Army Corps of Engineers, Dept. of Defense, Dept. of Labor, Education, Health and Human Services. She said there were a number of agencies in Alaska that were shutdown including Dept. of Interior and Coast Guard, She said it remains a problem and they are getting by with band-aides and are limping through. She said that other things that are important to Juneau are also on hold during the shutdown such as science jobs, grants, home porting, federal vessels, and Army Corps of Engineers funding.

Ms. Kachel reported that Alaska's Senatorial delegation has been working to get science jobs homeported in Alaska through a variety of methods. She also stated that the almost $10 Million airport grant given for the sand and chemical storage building was a huge win for the Juneau airport. She said there are lots of grants for ports and harbors and she has been working with Mr. Uchytil to explore those and match projects with those grant programs. Regarding homeporting federal vessels, they did some work to get Coast Guard assets and they ended up with a patrol boat homeported in Statter Harbor. She has also had meetings with NOAA Headquarters in Washington D.C. about research vessel homeporting and those folks have come to Juneau to check that out as well.

Ms. Kachel reported that she has been working on an issue important to the airport which is removing the outdated federal cap on Passenger Facility Charges (PFCs). Those are collected locally on airline tickets and spent locally on airport infrastructure and are especially important to Juneau due to its terminal project. PFCs were lobbied for and included in some draft legislation but never made it across the line in any final bill. They will be looking to redouble their efforts with this new congressional session as the incoming chairman of the Transportation Infrastructure Committee is in favor of removing this outdated federal cap.

Ms. Kachel said that with respect to the Army Corps of Engineers, they are pursuing an Auke Bay Wave Attenuator which is supported by the Alaska Region of the Corps and the Alaska congressional delegation. She said they have been working with the delegation on the appropriation process but they have been hitting some stumbling blocks with the Office of Management and Budget (OMB). She said that OMB has been doubling down on previous projects rather than funding new projects.

Ms. Kachel turned it over to Ms. Stark-Alcala who has had recent experience with the Transportation Trade Association so she has lots of interface with those committees. Ms. Stark-Alcala said that they have seen an effort by the Administration to clear out and close pending capital projects such as transportation infrastructure or other projects. She said that appropriators are pushing back against that as Congress likes to hold control of deciding where the money goes and how much is given. Examples of those include the PFCs as well as how they can fund transportation infrastructure. Even with the partial government shutdown, this is one of the few topics that has bipartisan support.

There was a discussion on how the Passenger Facility Charges were set, what the cap is set at and how the timing is associated with budgeting and paying for projects that are paid by the PFCs. Ms. Kachel explained that the cap that was set in 2000 at the amount of $4.50/passenger is the equivalent of $2.50 in purchasing power today compared to 2000.

Ms. Kachel said in looking at the crystal ball, they still do not have a FY19 budget and the fiscal year started in October. This is the time to start thinking about the FY20 budget. The President is supposed to deliver his budget February 4. It is unlikely that will happen during the shutdown as federal agencies have stopped writing their budgets as of December 21. That feeds into that. She is advising Juneau to do business as usual and get our priority list and projects prioritized while it is currently stalled because when it does start up again, it will likely move fast.

Ms. Kachel and Ms. Stark-Alcala answered a number of questions from the attendees related to the Auke Bay Wave Attenuator, the Green New Deal, the Hospital funding program, the affect of the partial government shut down on the Coast Guard, and the

Child Care Assistance program, the US Forest Service permitting with respect to eco tours, and any potential language changes to the tonnage clause. Ms. Kachel noted that they will work with City Manager Watt to keep CBJ informed about these and any other issues that may affect CBJ.

Mr. Watt said with respect to the tonnage clause potential language changes, he has been in conversation with other Southeast communities who are also interested in this topic. It is more of a regional issue and if the communities can stand together, they may be able to affect change in Congress.

IV. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

None.

V. ADJOURNMENT

There being no further business to come before the body, Mayor Weldon adjourned the meeting at 8:56 a.m.

Signed:_____ Signed:_____
Elizabeth J. McEwen, Municipal Clerk Beth A. Weldon, Mayor