SPECIAL ASSEMBLY MEETING
THE CITY AND BOROUGH OF JUNEAU, ALASKA

Meeting Minutes - January 19, 2018

MEETING NO. 2018-02: 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 8:00 a.m. by Mayor Ken Koelsch.

I. CALL TO ORDER / ROLL CALL

Assembly Present: Mary Becker, Rob Edwardson, Maria Gladziszewski, Norton Gregory, Loren Jones, Jesse Kiehl, Ken Koelsch, Jerry Nankervis, and Beth Weldon.

Assembly Absent: None.

Staff Present: Mila Cosgrove, Deputy City Manager; Amy Mead, Municipal Attorney; Laurie Sica, Municipal Clerk; Beth McEwen, Deputy Clerk; Carl Uchytil, Port Director; Patty Wahto, Airport Manager; Robert Barr, Library Director; Matt Scranton, MIS Director; Jane Sebens, Deputy Attorney; Kirk Duncan, Parks and Recreation Director; Greg Chaney, Lands Manager; Rob Steedle, Community Development Director; Lisa Phu, Public Information Officer; Tom Mattice, Emergency Programs Manager; Roger Healy, Engineering and Public Works Director.

II. AGENDA TOPICS

A. Update from CBJ DC Lobbyist Katie Kachel

Katie Kachel, Juneau's federal lobbyist with Chambers, Conlon and Hartwell, introduced herself. Three major updates include the budget, tax reform and an infrastructure bill. As of today, the Senate is considering passage of another continuing resolution through February 16, which passed the House last night, with a few contentious issues to make it uncertain if the Senate will pass it, making a government shutdown uncertain. No one wants that to happen. Tax reform passed and includes the opening of the Alaska National Wildlife Refuge ANWR to oil exploration. The reform eliminates the advanced refunding of municipal bonds but preserves the deductability of private activity bonds. The low income housing tax credit was preserved. Third, an infrastructure bill is in the works and bill writers in the House and Senate are deferring to President. Broadly, it contains $200 billion over 10 years, which includes rural project block grants of $50 billion, $50 billion for transformative, "huge" mega-projects, and money to existing loan programs for those big projects, and $100 billion to state and local governments.

Four areas of focus for her work for Juneau include positioning a Coast Guard cutter in Juneau, preserving federal jobs in Juneau, specifically NOAA, the marijuana issue (legal in the state and not legal federally) and the President's request to revisit earmarks.

Ms. Kachel said that Congressman Young has a bill referencing banking for medical marijuana. Senator Murkowski has one on banking and one on decriminalization. Senator Sullivan is looking at the issue of "de-conflicting" federal vs. state's rights.

Representative Kito asked Ms. Kachel if she had heard anyone cite "Congress shall make no law impeding interstate commerce" in reference to federal laws impeding commerce between states which have legalized marijuana. Ms. Kachel said she could look into that.

Senator Egan asked about a fast response cutter home porting in Juneau. Ms. Kachel said no decisions have been made yet and Juneau will need to engage with the Coast Guard on many levels, early and often, as other communities are working on this aggressively.

Representative Parish spoke about the retirement of a long time director at the NOAA research facility and asked how to ensure that if there are federal cuts to science funding we preserve those jobs. Ms. Kachel said that Senator Sullivan is on the Commerce Committee, which has policy jurisdiction over NOAA, and Senator Murkwski is on the Appropriations Committee that works on the budget. We need to keep this on their radar.

Senator Egan referred to the "Cole memo" regarding marijuana and expressed his concerns about local Juneau businesses involved in the marijuana industry. Ms. Kachel said that the silver lining of U.S. Attorney Jeff Sessions stand on marijuana would be to put pressure on Congress to act on this state's rights issue.

B. Updates from Senator Egan, Representative Kito, Representative Parish

Senator Egan said the session started Tuesday and the main focus is the budget. 60 legislators hold different views, so it is difficult, and he is hoping for a 90 day session. We need to stabilize the economy, especially in Juneau, which has lost 400 state jobs to date. He supports continued Medicaid expansion and said much of the funding for it could come from the Marine Highway System's budget if it is not provided by the Federal government. Revenue sharing is in trouble from the state and it deeply effects us.The small communities use revenue sharing to leverage federal funding. He spoke about his retirement bill, said Representative Kito has a companion bill, and said there should be a choice for state employees to choose

either a defined benefits or definded contribution retirement option as a "Tier 5." The ferry is our lifeline in Southeast Alaska. It is one of the few toll roads in the state in which passengers pay revenue to general fund. The new Glenn and Seward highways have no toll. Senator Egan acknowledged Juneau's request for $22 million for transportation projects and said he continues to support Juneau Access. The two new dayboats being built in Alaska are behind schedule, and parts will be built out of state. We didn't want to use federal funds because of the restrictions, but some of our state money will now be used to build the vessel in Vancouver, Washington. Senator Egan acknowledged Juneau's request for $22 million for transportation projects and said he continues to support Juneau Access.

Representative Kito said it is time to pull together and end the finger pointing and us/them thinking. We need to realize "them" is "us," we are all one people, residents of Juneau, the state, and the U.S. Politically we are continually blaming other people for our problems. We have an opportunity to move forward despite it being an election year and he echoed the Governor's remarks to "do the work" that needs to be done. The state is currently generating only 25-30% of the revenue needed for state government. When we continue to cut, services are decreased or shifted to local governments. He would like to open a dialogue with the Alaska Municipal League about shifting responsibilities and outlining the services that the state will provide and services the municipalities will provide. He is the chair of the Legislative Council and they are updating the sexual harassment policy. The Alaska Marine Highway System (AMHS) is a priority and he will introduce a bill to provide for sustainable funding in order to allow the AMHS to publish a ferry schedule that can be relied upon to have the budget to back it up. The Governor wants to stabilize the level of revenue sharing. The Governor's capital plan is matched to the implementation of a 1.5% payroll tax, focuses on maintenance of infrastructure and would put people to work. We do not have a sustainable budget now - we have to take funds from savings this year. The only increase in the Governor's budget was $34 million for public safety. He said there are other boroughs with a population base that could support local police, similar to how Juneau has picked up that responsibility. He will propose a term limit bill to provide only 4 terms for House and 2 terms for Senate and asked if Alaska wants a citizen legislature or a full-time legislature. He spoke about the need for revenue measures and said that to balance the budget, oil prices would have to return to over $80 per barrel. Decreased state spending increases the tax burden on local governments and reduces state services, schools, Medicaid, the university, debt service, and functioning state departments. We all need to step forward and help.

Mr. Edwardson asked about the reason for a name change from revenue sharing to community assistance. Mr. Kito said some were concerned that Alaska didn't have revenue so the program is providing assistance. The program is important because

if we allow some small communities to fail, they become wards of state and the state has to manage the communities when local government is not available.

Ms. Weldon asked about cuts to school bond debt obligation. Representative Kito said the Governor did reduce bond debt reimbursement payments two years ago, did not do that last year, and does not propose to do it this year. Bond debt payments will stand but the program is no longer available for application and the longer it takes to get the program back, the worse facilities get.

Ms. Kachel asked for more information on the bill regarding the AMHS and Mr. Kito explained the need for healthy forward funding so the schedule can be maintained and advertised.

Ms. Gladziszewski asked if there were any plans to pay the marine highway back from funds used for Medicaid? Representative Kito said the Governor provided $20 million.

Representative Parish spoke about his HB213 to provide more efficient management of the public education trust fund. His plan keeps dividends and the corpus of the fund separate, with a move to more percent of market value while still allowing the fund to grow results in an additional $18 million. The Governor is counting on the success of my bill, which has a hearing on Thursday. So far comments have been supportive and we are answering questions. He is happy this bill has a clear path and he would appreciate the support of Juneau. Flat funding is a cut and puts a strain on school systems. He would like to see an increase in the base student allocation. We have a $3 billion deficit and that is astonishing. Year after year we have been spending down savings that belongs to all present and future. If we fail to put a comprehensive plan into place it represents a betrayal to children and our communities. We need better oil revenue and spoke about raising the floor. He supports HB 15 in order to make or save more without substantial cuts to communities. We need a broad based tax and he would like the Juneau Assembly to weigh in on what that would look like. If people stand up and make it clear what they are willing to support, we can stabilize the budget situation. We need to restructure the earnings reserve of the permanent fund. Non resident workers are 20% of work force and pay nothing, but Alaskan children contribute $1000 of their dividend. If we draw from the Permanent Fund in an aggressive way, without a broad based tax, the dividend will go away. All hands on deck are required for a fundamental course correction.

Ms. Weldon asked about if funds would be increased for prosecution to go along with increased funds for state troopers. Representative Parrish said more funds are needed for prosecution and the state should support schools or build prisons.

Representative Kito said he needs feedback from municipalities to know if there is support for a bill to allow municipalities to prosecute felonies.

Representative Kito spoke in support of Pre-Kindergarten funding as students are behind in reading in the early grades.

Representative Parrish said he is a co-sponsor of a bill supporting Universal Pre-K. Many people support a city supported "Best Starts" program. If Juneau is able to make it work in Juneau, that would help enormously to get the state to take over the program.

Ms. Weldon asked about support for mining and resource development. Representative Kito said that global mineral prices are the largest factor in that discussion - more than local and state regulations. Increased mining is good for diversity of an economy but will not derive a lot of revenue to the state.

Representative Parrish asked Ms. Kachel what could be done to ensure returns to Alaska for ANWR development. Ms. Kachel said there is a 50-50 split of royalties. This will be a topic on the delegations list to ensure that Alaska gets its share. Mr. Kito shared some of his concerns regarding ANWR development.

C. Update from CBJ State Lobbyist Kevin Jardell

Kevin Jardell said he enjoys representing Juneau, his home town. He predicted a draw from the earnings account and a deficit which the state will have to find a way to manage the gap. Significant cuts are not in our future - so we need the price of oil to go up or to find a revenue source. We will be watching education funding but likely it will be status quo. We will be looking for any shifting of costs from state to local government. The AMHS service is important to Juneau - there is $44 million in the governor's budget for this and we will work on that issue. Social service funding has been flat and this has had direct and indirect impacts at the local level. We are working on the transportation network bill and sales tax collection - TN companies do not want to collect tax on behalf of drivers and want to avoid setting up an employee situation. A technical fix is being considered to help them with their liability with federal work force rules. Health care is a burgeoning issue and he is watching from a Bartlett - Juneau perspective. A health care authority is being explored. He is working with the airport - DOT stopped providing a match for municipal-owned airports but they still collect a tax on fuel. There is an argument that they can't take the taxes if they do not use it locally. There was a general discussion on this issue.

Mr. Jardell said that Representative Kawasaki has proposed a bill regarding net neutrality and he would like to get information and know if Juneau would like him to work on this issue. Representative Kito said he was also getting up to speed on this. Senator Egan said he supports net neutrality and many states were preparing comments. This issue will impact rural Alaska more than urban Alaska.

Mr. Jardell said the derelict vessel bill was stalled in the Senate due to the number of details involved in the process of addressing derelict vessels. Representative Kito said a funding source would assist in getting the bill passed.

Mr. Jardell said the harbor grants are tied to the employment tax in the Governor's budget.

Mr. Jones asked if municipalities were to prosecute felonies, would they be responsible for the costs of incarceration.

Ms. Kachel asked for permission to work with Mr. Jardell on infrastructure priorities and said that AMHS seems to be a top priority. Mayor Koelsch and Deputy Manager Cosgrove both approved of such cooperation.

Mr. Jones asked about support for Meals on Wheels and Day Care Assistance and said the needs were great on both ends of the age spectrum.

Mr. Jardell said Commissioner Davidson strongly supports the continuum of care and he was not seeing a huge pressure to make cuts to the programs.

Ms. Cosgrove said she would seek information from the library staff on net neutrality. Staff is tracking the discussion of a state health care authority. She spoke about the bill which would facilitate cost recovery for emergency transportation. She said the City of Fairbanks is seeking changes to public records laws, and CBJ will look at potential amendments, including protection of body worn camera footage. She spoke about the roadblocks that have been created for local development in the non-responsiveness of the Alaska Mental Health Trust to sell property.

Mayor Koelsch said that he and Deputy Mayor Jerry Nankervis visit with legislature on a regular basis to welcome and find out how Juneau can address any concerns people may have about Juneau as the capital city.

Senator Egan thanked the Alaska Committee, other volunteers and sponsors for the recent legislative welcome reception.

Mayor Koelsch thanked all for their attendance and participation.

III. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

None.

IV. ADJOURNMENT

There being no further business to come before the Assembly, the meeting adjourned at 9:50 a.m.

Signed:_____ Signed:_____

Laurie Sica, Municipal Clerk Kendell D. Koelsch, Mayor