ASSEMBLY FINANCE COMMITTEE MINUTES

May 21, 2025, at 5:30 PM
Assembly Chambers/Zoom Webinar

https://juneau.zoom.us/j/93917915176 or 1-253-215-8782 Webinar ID: 939 1791 5176

A. CALL TO ORDER

The meeting was called to order at 5:33 pm by Chair Woll.

B. ROLL CALL

Committee Members Present: Chair Christine Woll; Mayor Beth Weldon; Greg Smith; Paul Kelly; Maureen Hall; Neil Steininger; Ella Adkison; Alicia Hughes-Skandijs; Wade Bryson

Staff Members Present: Katie Koester, City Manager; Robert Barr, Deputy City Manager; Angie Flick, Finance Director; Adrien Wendel, Budget Manager

Other Members Present: None

C. APPROVAL OF MINUTES

1. May 14, 2025 (Supplemental Material)

The May 14, 2025 minutes were not available for approval during this meeting and will instead be approved at the July 9, 2025 meeting.

D. AGENDA TOPICS

2. Set Mill Rates – For Action

Angie Flick, Finance Director, stated that the packet includes information that various Assemblymembers had requested relating to setting the mill rate. Ms. Flick said that the recurring budget items that the Assembly has added would require a mill rate of 10.44, which would be an increase over the Manager's proposed budget mill rate of 10.19.

Chair Woll requested a breakdown of details leading to a mill rate of 10.44.

Ms. Flick explained that through incremental requests from the Manager's budget, items were added that were not included in the Manager's proposed budget. $130,000 was added for restoring Library funding due to loss of federal grants. Roughly $86,000 was added for supplies and services related to the Communications Division in the Administration Department. $75,000 was added to the School District's additional non-instructional funding request. An additional $71,000 for a junk vehicle contract came in after the Manager's proposed budget was submitted. There was an FTE added to the Law Department for about $66,000. A Park Ranger FTE increased from 0.5 to 1.0 FTE which added approximately $39,000. In the Community Grants process, the League of Women Voters was granted a $10,000 recurring appropriation. These additions are reduced by about $17,500 in net savings due to the City handling the winter maintenance of Fish Creek Road versus paying the Alaska Department of Transportation and Public Facilities to maintain it. These items total roughly $460,000 of increased expenses on a recurring basis, which is equivalent to 0.07 mills.

Additionally, there are potential risks for the loss of expected revenue including $550,000 of Secure Rural Schools funding (0.08 mills) and $624,000 of Community Assistance Program funding (0.1 mills).

Consequently, the City is adding 0.07 mills for expenditures and potentially losing the equivalent of 0.18 mills in revenues. These changes would amount to an increase from the Manager's proposed mill rate of 10.19 to a mill rate of 10.44.

Chair Woll asked if Assemblymembers had questions regarding the mill rate.

Assemblymember Bryson asked what would happen if the City did not increase the mill rate to cover one of the at-risk revenues, such as Secure Rural Schools.

Robert Barr, Deputy City Manager, responded that despite the name, the Secure Rural Schools funding supports the Streets Division's operations, and if that funding does not materialize, the City would request funding from the General Fund to support those operations or face service reductions.

Chair Woll asked what the difference in property taxes paid for a median home value of $515,500 would be between the mill rate 10.04 and a proposed new rate of 10.19.

Ms. Flick responded that for a median home valued at $515,500, at those rates, it would be an increase of approximately $98.50 for the year.

Motion: by Mayor Weldon to set the mill rate at 10.19.

Mayor Weldon spoke to her motion to say that she accepts the Manager's proposal of a 10.19 mill rate. Historically, she has tended to try to lower the proposed rate. However, this year the City is facing additional pressures on the budget over those in prior years.

Mayor Weldon stated that there is an $11,800,000 General Fund balance, the City must address collective bargaining, and is facing possible losses of expected income. However, she stated that the City shouldn't be taxing residents for losses that are not confirmed, so she agrees with the Manager's proposed 10.19 mill rate with the understanding that it may need to be increased next year.

Assemblymember Alicia Hughes-Skandijs stated that a 10.44 mill rate will be necessary to pay for the budget and what was added to it considering the loss of federal funds. She reminded the Committee that they voted to accept increments from the Manager's Office, add recurring costs from Pending List items, and to keep the libraries open every day. With collective bargaining negotiations still pending, she stated that 10.44 is a more conservative rate to ensure coverage of the upcoming changes.

Assemblymember Bryson noted that the Marketplace Facilitator Rule that was recently corrected by ordinance will bring higher revenue from Marketplace Facilitator companies. He noted that the community is unhappy with the City due to reasons including the Local Improvement District (LID) process (for the HESCO barriers for outburst floods), the homelessness situation, and two active ballot initiatives out for signature that if passed, will have a significant impact on the City's ability to balance the budget. He recommends keeping the mill rate at 10.19 because if it is raised, the community will be upset and the ballot initiatives to limit taxes will be more likely to pass.

Objection: by Assemblymember Hughes-Skandijs for the purpose of making an amendment.

<u>Amendment #1:</u> by Assemblymember Hughes-Skandijs to set the mill rate at 10.44.

<u>Objection:</u> by Assemblymember Kelly for purpose of a question.

Assemblymember Kelly asked what amount it would take to make up the difference between mill rates of 10.44 and 10.19.

Ms. Flick answered that the difference would be $1,633,225.

Assemblymember Kelly removed his objection.

<u>Objection:</u> by Assemblymember Smith, citing that a 0.4 increase in the mill rate would represent one of the most significant increases in the past 20 years. He expressed concern that the proposed increase is excessive and suggested that alternative sources of additional revenue should be considered.

<u>Objection:</u> by Mayor Weldon because there is an Assembly goal to keep the cost of living down and a mill rate of 10.44 is counter to this goal.

Assemblymember Steininger spoke in opposition of 10.44 and in favor of the 10.19 mill rate.

<u>Objection:</u> by Assemblymember Kelly to disagree with the increasing the mill rate to 10.44.

Chair Woll asked staff for an update on the two potential revenue sources that may be lost that were brought up at the last meeting.

Ms. Flick responded with updates regarding federal Secure Rural Schools funding and the State Community Assistance Program. She stated that the Secure Rural Schools program has successfully passed an initial stage of the federal approval process, signifying progress; however, numerous subsequent steps remain before final approval can be achieved. Staff has reached out to the State to request an update on the Community Assistance Program, however, at this time, an update has not been received from the State or AML.

The Committee discussed the amendment.

<u>Roll Call Vote on Amendment #1</u>
Ayes: Hughes-Skandijs, Adkison, Chair Woll
Nays: Smith, Kelly, Hall, Mayor Weldon, Bryson, Steininger

Amendment #1 failed. Three (3) Ayes, Six (6) Nays.

<u>Amendment #2:</u> by Assemblymember Bryson to amend the mill rate from 10.19 to 10.24.

<u>Objection:</u> by Assemblymember Kelly who would prefer to set the mill rate at 10.26.

The Committee discussed the amendment.

Assemblymember Kelly removed his objection.

Amendment #2 passed by unanimous consent.

Amendment #3: **by Assemblymember Woll to amend the mill rate from 10.24 to 10.26.**

Objection: **by Mayor Weldon who stated that she prefers the 10.24 rate.**

Assemblymember Adkison spoke in support of the amendment.

The Committee discussed the amendment.

Roll Call Vote on Amendment #3
Ayes: Woll, Kelly, Adkison, Chair Hughes-Skandijs
Nays: Mayor Weldon, Smith, Hall, Bryson, Steininger

Amendment #3 failed. Four (4) Ayes, Five (5) Nays.

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

3. **Final FY26 Budget Decisions**

   a) **CIP Resolution - updated May 15, 2025**

Motion: **by Mayor Weldon to move the CIP resolution to the full Assembly.**

The motion passed by unanimous consent.

   b) **Mill Levy Ordinance 2025-03**

Motion: **by Mayor Weldon to move the mill levy ordinance as amended with the mill rate being 10.24 to the full Assembly.**

The motion passed by unanimous consent.

   c) **CBJ Budget Ordinance 2025-01**

Motion: **by Mayor Weldon to move the CBJ Budget Ordinance 2025-01 to the full Assembly with an amendment.**

Amendment: **by Mayor Weldon to fund the private docks for the full fiscal year through June 30, 2026.**

Objection to the Amendment: **by Assemblymember Hughes-Skandijs.**

Assemblymember Smith and Chair Woll spoke in favor of the amendment.

Roll Call Vote on Amendment
Ayes: Mayor Weldon, Bryson, Hall, Smith, Steininger
Nays: Hughes-Skandijs, Adkison, Kelly, Chair Woll

Amendment passed. Five (5) Ayes, Four (4) Nays.
The original motion, as amended, passed by unanimous consent.

The Committee recessed at 6:17 pm.
The Committee reconvened at 6:29 pm.

4. Seasonal Sales Tax

Chair Woll requested a brief introduction to the Seasonal Sales Tax proposals by their authors.

Seasonal Sales Tax Discussion Points and Recommendations from Assemblymembers Hughes-Skandijs, Smith and Steininger

Assemblymember Steininger introduced the Hughes-Skandijs-Smith-Steininger Proposal on packet pages 18-19.

Mayor Weldon thanked Assemblymember Steininger and asked if the tax exemption for utilities included refuse disposal/trash collection.

Ms. Flick answered that this exemption would include residential curbside trash pickup, however, it has not been established if this exemption would include tax on refuse brought to the dump.

Assemblymember Bryson asked if the authors had considered what the economic impact would be for Juneau residents who will continue to purchase items, taxed at the higher rate, in the summer season. He stated that he is assuming this proposal would follow the SNAP definition of food items, only removing the sales tax from non-prepared food, and utilities. He noted that this proposal estimated a savings of tax for residents of $800 and asked if the authors had considered residents' additional spending in the summer and how this would impact them.

Assemblymember Smith responded that there is not an analysis that provides this level of detail.

Assemblymember Bryson asked how many businesses in Juneau are not grocery stores or utility providers, and how many businesses will be charging an additional 2.5% tax.

Ms. Flick answered that this information could be obtained, however, it was not available at the time of the meeting.

The Committee continued to discuss the proposal.

Seasonal Sales Tax Recommendation from Assemblymember Kelly

Assemblymember Kelly presented his proposal and recommendation on packet pages 20-21, noting that the percentages for Options 2 and 3 had been transposed with the higher tax rate listed in the fall instead of summer. He clarified that his intention was for the higher sales tax rate to apply during the summer months and the lower rate during the winter.

Assemblymember Bryson asked if the proposal chosen by the Committee would have to go to a community vote.

Ms. Flick answered that a change to the tax amount must go to public election, however, tax exemptions can be adopted by the Assembly via ordinance.

The Committee continued to discuss the proposals.

The Committee took a brief at ease.

Motion: by Mayor Weldon to move to introduce an ordinance following the principles of the Hughes-Skandijs-Smith-Steininger proposal for introduction at the June 9, 2025 regular Assembly meeting, and be referred back to the Assembly Finance Committee on July 9, 2025 for additional work and potential public comment (while keeping the title flexible to ensure Assembly can adjust the rates if required).

The motion passed by unanimous consent.

5. **Information Only:**

   d) **Fund Balances - updated May 15, 2025**
   e) **Pending List with Final Decisions - updated May 15, 2025**

E. NEXT MEETING DATE

6. **July 9, 2025**

F. SUPPLEMENTAL MATERIALS

7. **Private Dock Passenger Fee Funding Clarification Memo**

   This topic was discussed under *Agenda Topic #3 – Final FY26 Budget Decisions c) CBJ Budget Ordinance 2025-01.*

8. **Seasonal Sales Tax Discussion Points and Recommendations from Assemblymembers Hughes-Skandijs, Smith and Steininger**

   This topic was discussed under *Agenda Topic #4 – Seasonal Sales Tax.*

9. **Seasonal Sales Tax Recommendation from Assemblymember Kelly**

   This topic was discussed under *Agenda Topic #4 – Seasonal Sales Tax.*

10. **School Bond Ordinance - Draft**

    Motion: by Mayor Weldon to move a general obligation bond ordinance to the full Assembly with an amendment.

    Amendment: by Mayor Weldon to increase the amount from not to exceed $10,000,000 to not to exceed $10,735,000 for the Dzantik'I Heeni playground.

    The Committee discussed the amendment.

    The amendment passed by unanimous consent.

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

Assemblymember Smith raised the topic of utility rates and the possibility of using a bond for utilities. He noted that even with a 5% rate increase, an additional investment in utilities of as much as $17,000,000 is required. He stated that the possibility of utility rates being raised by more than 5% for the first year exists. He suggested implementing a higher increase in rates in the first year, to be offset by a general obligation bond.

Assemblymember Adkison stated that she is against raising the first-year rates, and she is in favor of a bond.

Motion: by Assemblymember Smith to direct staff to introduce a general obligation bond ordinance for wastewater and water utilities in the amount of up to $8,000,000.

Objection: by Assemblymember Hughes-Skandijs due to concerns that the utility rates were not raised enough and doubts that there will be voter support for a utility bond in addition to a school bond and a prior year utility bond.

Roll Call Vote on the Motion
Ayes: Smith, Kelly, Hall, Mayor Weldon, Steininger
Nays: Hughes-Skandijs, Adkison, Bryson, Chair Woll

Motion passed. Five (5) Ayes, Four (4) Nays.

G. ADJOURNMENT

The meeting was adjourned at 7:58 p.m.