

ASSEMBLY COMMITTEE OF THE WHOLE WORKSESSION MINUTES

November 28, 2022 at 6:00 PM

Assembly Chambers/Zoom Webinar/YouTube
Livestream



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Assembly Committee of the Whole Worksession-no public testimony will be taken.

A. CALL TO ORDER

The Assembly Committee of the Whole Meeting, held in the Assembly Chambers and broadcasted virtually via Zoom was called to order by Deputy Mayor Gladziszewski at 6:00p.m.

B. LAND ACKNOWLEDGEMENT

Assemblymember Hale provided the following land acknowledgment: We would like to acknowledge that the City and Borough of Juneau is on Tlingit land and wish to honor the indigenous people of this land. For more than ten thousand years, Alaska Native people have been and continue to be integral to the well-being of our community. We are grateful to be a part of this community, and to honor the culture, traditions, and resilience of the Tlingit people. *Gunalchéesh!*

C. ROLL CALL

Assemblymembers Present: Maria Gladziszewski, Wade Bryson, Alicia Hughes-Skandijs, Michelle Hale, Carole Triem, Christine Woll (via Zoom joined at 6:02), 'Wáahlaal Gíidaak (via Zoom joined at 6:08), and Mayor Beth Weldon.

Assemblymembers Absent: Greg Smith

Staff Present: City Manager Rorie Watt, Deputy City Manager Robert Barr, Municipal Attorney Robert Palmer, Municipal Clerk Beth McEwen, Deputy City Clerk Diane Cathcart, Assistant Municipal Attorney Sherri Layne, Assistant Municipal Attorney Adam Gottschalk, Harbormaster Matt Creswell, Eaglecrest Manager Dave Scanlan, Finance Director Jeff Rogers, Tourism Manager Alexandra Pierce

D. APPROVAL OF AGENDA

E. AGENDA TOPICS

1. Gondola Installation Funding - Draft Agreement with Goldbelt, Inc.

Mr. Watt thanked everyone involved in this project, including Goldbelt, and said that they have been able to come up with an elegant solution to a complex issue. He then went on to provide information related to the spreadsheet as found in the meeting packet. He highlighted that they assumed that starting in the first full year of operations there would be 75,000 passengers and that each passenger will spend \$65.

He outlined the intent of the negotiations as described in the memo. Goldbelt would pay three installments to CBJ for a total contribution of \$10 million to construct the gondola project. CBJ would then procure the infrastructure. There would be a revenue sharing agreement for a term of 25-years with a required minimum return of \$20 million to Goldbelt. The general idea was that Goldbelt would get a sliding scale percentage of the receipts, starting at 10% of the revenue and increasing to 25% as number of visitors increased. Goldbelt's share of the receipts started lower so that CBJ can care for fixed costs, such as staffing and maintenance.

Mr. Watt said that Goldbelt is an ideal partner in this business venture. He said they have the Mt. Robert's tram and incentivizing them to steer business to the gondola is important.

Mr. Watt also referenced the termination clauses outlined in the memo, stating that none of them want to see a termination but this is normal contractual language that the attorneys agree are standard. Law Department staff and Goldbelt in-house counsel have been involved in this.

Mr. Watt said that if the Assembly agrees, the next steps would be for the Assembly to request an ordinance be introduced for public hearing. He said it might go to either the Committee of the Whole or the Finance Committee, but whatever path it takes there needs to be opportunities for the public to comment.

Ms. Woll asked where the authority of the Assembly lies compared to the Eaglecrest board and the manager. Mr. Watt answered that the Assembly needs to authorize the manager to enter into the agreement, and within the authorization would be an appropriation for the money. The engineering department manages capital projects for Eaglecrest, so construction procurement would be under the manager. Any awards would then come back to the Assembly for approval.

Ms. Triem asked for details regarding the payments, including how they might be applied to current gondola costs. Mr. Rogers said that the Assembly will see an ordinance to receive the money and an appropriating ordinance that gives Eaglecrest the authority to spend that money. So long as there is a lawful appropriation and expenditures happen in the same fiscal year as the payment is received, there will not be a cash flow problem. Mr. Watt said when the Assembly approves this ordinance, the Finance Director will make \$10 million available in the capital project.

Ms. Hughes-Skandjis asked about the line in the memo which read "if the summer operation receipts were insufficient...the obligation would not be guaranteed by the full faith and credit of CBJ." She wondered what Eaglecrest is putting on the line. Mr. Watt said that as Eaglecrest is CBJ, Eaglecrest is not putting anything on the line. He said this agreement is that Goldbelt will get a minimum of \$20 million in 25 years, but if that threshold is not reached, the revenue sharing agreement will be extended until the minimum payment to Goldbelt is met. Mr. Watt said this is not like a GO Bond where if the obligation is not met in 25 years that the Assembly must pay with property tax. Ms. Hughes-Skandjis clarified that the source of the funding to Goldbelt will remain revenues from the gondola. Mr. Palmer said that is correct, with the added nuance that if the revenue sharing agreement does not provide the \$20 million dollars to Goldbelt in 25 years, Goldbelt can offset their leases for the tram on a dollar-to-dollar basis in addition to extending the revenue sharing agreement.

Ms. Hale asked if there are any additional agreements with Goldbelt regarding operations or if operations will solely be run by CBJ. Mr. Watt said that at this time the revenue sharing agreement was the only agreement. Ms. Hale thanked Mr. Watt for his explanation. She said that she was excited to see CBJ and Goldbelt working together on this. She wasn't expecting a revenue sharing agreement of this nature. She asked if there were any additional agreements in any parts of the operations. Mr. Watt said that this is all that is being discussed at this time. However, there is opportunity for additional agreements for other options in the future. He explained that what Goldbelt brings to the table are funding, marketing, and scheduling opportunities. Currently, Eaglecrest has some other constraints related to CBJ Code for procurement, employment etc... so for right now, this is the only agreement currently up for consideration.

Ms. Woll asked if the Eaglecrest Board has looked at these terms yet or not. Mr. Watt looked to Eaglecrest Manager Scanlan for the answer to her question. Mr. Scanlan said that the Eaglecrest Board would be seeing it this Thursday. Ms. Woll said that she would like to see what the net revenue might look like before they go forward with an ordinance. Mr. Watt said that at this time, they do not have a fully fleshed out business plan but he does feel confident that there will be sufficient revenue to operate the gondola.

There were additional questions from Assemblymembers related to the inflation costs, revenue growth model, marketing, and what a visitor might expect to get for their \$65 tram ticket.

Mr. Watt and Goldbelt Inc. CEO McHugh Pierre answered their questions. Mr. Pierre explained that the \$65 was the revenue sharing agreement portion of the ticket but they anticipate tickets will run approximately \$105 per person. He spoke to Goldbelt's 27 years of experience in operating the Mt. Roberts tram and the differences they

will be encountering with the Eaglecrest Tram which will include ground transportation to Eaglecrest. He said that they can offer different experiences on the mountain than what the Goldbelt Mt. Roberts tram offers. They think that 75,000 visitors in the first year is feasible and reasonable. He has already been working with the tourism industry and is confident that they can get that number of visitors.

Mr. Watt addressed questions from Assemblymembers related to the process as well as what the \$10 million in funding might be used towards. He explained that there is no one set way or path that the process has to take but he did note that when the ordinance is brought forward, they will also provide a copy of the final agreement with Goldbelt. He also stated that there needs to be an opportunity for public comment and that often times happens at the end of the process. He asked the Assembly how they would like to see the process take shape and at what point they want to provide public comment opportunities.

Ms. Woll asked for any additional information they could provide on what this \$10 million would be able to purchase (engineering/design, construction, etc...) if they had any of those details at this time. Mr. Watt said that in this current construction economy, it's hard to know exactly what the \$10 million will go towards but that Mr. Scanlan is working with consultants to determine what that really would be. Mr. Watt said that in terms of what they anticipate having to do, it will likely go towards building another road to the top of the mountain that would service the gondola, the gondola installation, and the top/bottom stations. He said that if the funding is not sufficient to cover the costs, they would be extremely disappointed if they had to draw from fund balance or do a general obligation bond to make up for the differences. He also said that is one of the reasons they are very excited about partnering with Goldbelt on this project.

Mr. Watt then provided an overview of the information on the memo in the packet along with the spreadsheet that is fairly complicated and data rich. He said that they (CBI and Goldbelt) all feel like this would be a good arrangement. He said that the general idea is that Goldbelt would be getting a sliding scale of the percentage of the receipts. The first visitors that go up would start the scale at 10% with a sliding amount up to 25% as time progresses. He explained that we will start low due to fixed costs that we need to care for in staffing and maintenance costs. In the event that the initial usage is low, the intent is that Goldbelt will stretch out their side of things and go longer. What they are all agreeing on is projections of what they think will happen.

Mr. Watt said that the biggest question would be how much money would be available to build facilities at the top. He noted that estimates are just that until they have a contractor who will put a price tag on the project. In answer to Assembly questions about the timing of the \$10 million and the ordinance, Mr. Watt noted that Mr. Scanlan is very much on top of this. He said they are very motivated to get things in place due to the timing of the construction contracts and the upcoming construction season as they would like to get some construction going forward next summer.

Mr. Watt spoke to the next steps in the process would be for the Assembly to direct staff to draft an ordinance for introduction that would authorize the manager to enter into a revenue sharing agreement with Goldbelt. He noted that additional committee process could be added to that process as they wish. He said they could introduce it, refer it to the COW, or they could introduce it and set it for public comment and then bring it back to the Assembly COW or Finance Committee for additional Assembly work before adoption but whichever path, they should allow for public hearing. He said he is asking the Assembly if they are ready for staff to bring an ordinance to the Assembly for introduction or whether it would go to public hearing or committee consideration at this time.

Ms. Triem asked Mr. Rogers about the mention in the memo about the payment mechanism is for the three payments that would come in over the next few months. She noted concern that Eaglecrest might run into some cash flow issues due to other capital needs during this period. Mr. Rogers and Mr. Watt explained the process that is done for cash flow and then also for procurement and it is likely that an alternative procurement method that would be in order for this project.

Mr. Watt then answered questions regarding the summer operations long term plans and that while there is not a current plan, there may be additional conversations/agreements in the future about other plans. He said that this

is one of those “eat the elephant one bite at a time” to get to the point of agreeing to the structure and the terms of the revenue sharing agreement.

Mayor Weldon said that she appreciates that Goldbelt is willing to partner with CBJ on this and she is hoping that they will bring in lots of money with this agreement.

MOTION by Mayor Weldon to direct staff to draft an ordinance that would enter into an agreement with Goldbelt Inc. and asked for unanimous consent.

Ms. Hughes-Skandijs asked where that ordinance might go once drafted. Mayor Weldon clarified her motion to say that it is to introduce the ordinance and refer it back to committee, either COW or Finance, to be decided.

Hearing no objection, the motion passed by unanimous consent.

2. Cruise Ship Season Update & Discussion

Heather Haugland with McKinley Research Group provided an overview of the 2022 Juneau Tourism Survey. A copy of their slide show was included in the packet.

They surveyed 500 randomly selected residents using a mix of cell and land line numbers. They repeated many of the same questions used in surveys done in 1995, 1998, 2002, 2006, and 2021.

Ms. Haugland explained that the cruise passenger volume ranged in 2002 at 741,500 visitors to 1,150,000 visitors in 2022.

Ms. Haugland and CBJ Tourism Manager Alexandra (Alix) Pierce answered questions from Assemblymembers about the evolution of the questions in the survey. They specifically addressed the questions regarding the 5-ship limit and where that number came from initially. Ms. Pierce said that the first place she came across the mention of a 5-ship limit was from the Long-Range Waterfront Plan. She said that was carried forward during the Visitor Industry Task Force (VITF) work and has been the working number they have been using for the past 20 years when working on these issues. She said that the idea is to hold that line at where they and not allow for growth in the form of another ship. She said we are good at managing four docks and managing growth through infrastructure at a dock serving a ship and that has been our approach to growth management in the past. She said that as they move forward and entertain conversations about a new dock, they are ramping up the discussions around maintaining the current capacity.

Ms. Haugland said that more information would be provided in the final report they will submit to CBJ by the end of the week.

Ms. Pierce thanked Ms. Haugland for their work and the presentation. She noted that the survey results were very similar to past years. She said that know that tourism management was going to be a topic at the Assembly retreat. She noted that just as the VITF was finishing its work, the pandemic began. As such they received final VITF recommendations but they were never fully adopted by the Assembly. She said that they received direction from the Assembly to proceed with the recommendations and work on implementation. She said they continue to hear from the public that the public would like a public process before the Assembly with respect to those recommendations. Ms. Pierce said that rather than try to bring back all the 60+ recommendations for Assembly adoption, that many of those recommendations are already being implemented or in the works. She recommended the Assembly direct staff to bring back a resolution that adopts the core concepts that the VITF recommended, i.e., the big-ticket items. She said that was a similar process done when the 2002 Tourism Management Plan was adopted.

Ms. Gladziszewski noted that Assemblymembers Christine Woll and 'Wáahlaal Gíidaak had to leave the meeting at 7:20p.m. due to other scheduling conflicts.

Mayor Weldon noted that this will be a topic of significant discussion at the Assembly retreat and encouraged all the members to read the VITF report in advance of the retreat.

Assemblymembers said they were in favor of bringing a resolution forward as suggested by Ms. Pierce for public process and adoption. Ms. Triem noted that in addition to the big five topics Ms. Pierce referenced in her memo, there were many little recommendations contained in the VITF report that may be coming back in the form of appropriations or other policy items that it would be beneficial to discuss those topics/recommendations when they do come up.

Ms. Pierce then went into more detail about the VITF Goals as outlined in her memo that was included in the packet. Ms. Pierce shared her experience in working with the tourism industry and while government tends to work slow, she was surprised to see how slow the cruise industry response is on the various projects they have been in trying to get a negotiated agreement with the industry on the five-cruise ship limit per day.

Ms. Pierce spoke to the scheduling pieces, especially around the best ship at the best dock concepts. She also explained that the cruise lines don't necessarily view it in the same way as CBJ. She talked about the concept of transparency and working across the region with other communities that have cruise ships coming to their communities.

She said this is the beginning of a dynamic time on the waterfront. With respect to waterfront management, some of the key pieces that will be addressed in the future include the new Marine Park master plan, a potential agreement on the seawalk between the A.J. Dock and the Franklin Dock, and depending on what happens at the subport and the future plans of the US Coast Guard, there may be additional seawalk plans. She said those things may change the way they manage the passenger fee budget but those will be long term decisions and discussions that the Assembly will need to have.

Mr. Watt said that on the waterfront management question, CBJ is motivated that if there is a dock built, we should figure out exactly where that dock should go. He said that Huna Totem gave a nice presentation a few weeks ago but they did not detail exactly where a dock would go. He said that they let us know that the U.S. Coast Guard (USCG) declined to participate in the process with them. He said we don't know why that may be. He said that as a municipality, we are motivated to say where for a number of reasons. He said that the VITF liked the idea that dock was located in a position that would prevent ships from anchoring. He said that we are motivated as the municipality, we can have a different relationship with the USCG and try to engage the USCG on port planning. He said that in terms of navigation with the whole harbor, we have a different motivation and need than Huna Totem's approach. He said that Huna Totem's approach is to develop property and build a dock. He said that CBJ is the ones to link all the issues together. He said that Mr. Uchytel is currently traveling tonight but this may be a good project management task for him to work on in concert with Mr. Watt and Ms. Pierce. He said that he also anticipates comments from the public about view plains.

Mr. Watt said that they will be working on the dock location question over the next month. He also explained that the reference to 16B in the downtown dock has to do with all the 16+ various iterations that were tried before they landed on the 16B version of the plan.

The Mayor said that one of the points of discussion will also be to answer the question of whether or not CBJ should partner with Huna Totem and NCL for building of the dock to provide an opportunity for more control on what the final outcome will be.

The committee took a 10 minute break @ 7:37p.m. and resumed @ 7:47p.m.

Ms. Pierce then continued her presentation with a recap of the portion of her memo related to Emissions reduction/Green corridor.

Ms. Hale commented that when Huna Totem were talking about the dock electrification, they mentioned that there was not enough shore power available for use by all the docks that want to use shore power. Other members expressed similar concerns. Ms. Pierce said that is a very complex issue and very complicated project that would likely require laying a cable from Douglas. She said that with our current power capacity, what we are hearing from AEL&P is that they can power another dock but then they should have more of a discussion with AEL&P about capacity before they move forward with any additional dock electrification. She said that NCL made

a promise to the community that Huna Totem may not be able to deliver on but that this project would be third in the queue behind the CBJ docks for electrification. Ms. Hale thanked Ms. Pierce for her comments but Ms. Hale also feels like there is capacity and that she does not want to let this one go without further pursuit.

Ms. Pierce spoke to Maximizing Local Benefits and the Princess Medallion Pay program and the 18% cut that cruise lines were taking from local sales. Ms. Triem said that she will be bringing this one up at the retreat and also look at a regional sales tax scheme. Ms. Pierce spoke to the regional concerns and local business concerns raised about the Medallion Pay program.

With respect to the topic in the memo on Centralized Tourism Management, Mr. Watt spoke to the overlapping and complexities in the roles across departments. We need to clean some of that up and it is not a criticism of any one individual or department. He said that it is important to clarify the role of the Docks & Harbors Board, their powers and that of other city staff. He said that the Assembly is interested in the public policy questions and/or other overlapping roles. He said that there are a lot of things that Docks & Harbors does to manage the infrastructure but since the Assembly sets policy issues, it is important to clarify those roles.

Mayor Weldon noted that policy-wise it is important for the Assembly to be involved but for the day to day operations, it is important for Docks & Harbors staff to be overseeing that.

With respect to scheduling issues, Ms. Pierce and Mr. Watt stressed that CBJ has no contractual relationship with CLAA and it is a good conversation to have at the Assembly retreat. Mr. Watt said it is imperative that they need to have a formal contractual relationship with CLAA for management of our docks. Ms. Pierce talked about the pros and cons of regulation and that a restricted lease with Huna Totem is its own smaller subcategory and we should carefully consider the relationship with Huna Totem. CBJ needs to consider all the long-term goals for the waterfront and consider all the complexities involved. Mr. Watt said they need to think of everything up front and put it all in there to begin with because it is hard to get back to something if it isn't there in the first place.

Ms. Pierce touched on the final topic in her memo which is the option for ownership authority. It could be a long term stated goal of CBJ to acquire the private docks to be better able to manage the waterfront, however, we don't have any private dock owners currently interested in selling and there are a number of pros and cons associated with that idea.

Members asked for hardcopies of the VITF report along with a map with all the dock names identified.

Mayor Weldon reminded everyone that the Assembly retreat is scheduled December 11 from 10am-4pm at the BRH Boardroom with a physical lunch break built in. Not only do the members need to be reading the VITF report they also need to review the Housing Task Force Action Plan. She said that the main topics during the retreat will be on Housing, Tourism, and the Budget.

3. Ordinance 2022-21 An Ordinance Related to Property Tax Appeals and Codifying the Board of Equalization Rules of Procedure.

This ordinance would amend the Juneau Board of Equalization's (BOE) rules of procedure, which govern property tax appeals. The substance of this ordinance comes from three sources: the Anchorage Board of Equalization rules, the existing Juneau Board of Equalization rules, and changes to state law since the existing Juneau property tax appeal code was adopted in the 1970s.

The Juneau Board of Equalization reviewed this ordinance on September 20, 2022. The Assembly Committee of the Whole reviewed this ordinance on September 26, 2022 and November 7, 2022. This ordinance was introduced on November 21, 2022.

Assistant Attorney Adam Gottschalk here and BOE Chair David Epstein were present. Mr. Gottschalk noted that Mr. Epstein had to leave the meeting shortly.

Ms. Triem asked Mr. Epstein to provide his thoughts about the proposed changes in the ordinance.

Mr. Epstein said that the BOE went through the draft ordinance extensively and what is before the Assembly incorporates the wishes of the board. This will codify some of the things they are already doing and one of the items in there is the stipend. He said they are operating as a bare minimum board and he views that as a recruitment and retention tool and hopefully it will be successful. He said that he saw the Chamber letter about increasing the membership of the board and he would suggest the Assembly hold off on that and see how this incentive works first.

Ms. Gladziszewski said that she is aware that the board has not had a chance to review the Chamber comments but asked Mr. Epstein if he had any other comments on them.

Mr. Epstein said that the issue of training consistency, in his opinion is not an issue. He said with respect to the perception by some of the appellants that the board is not treating everyone equally, Mr. Gottschalk advises the board at every hearing, they all sit through the same training with the State Assessor and runs them through the latest statutes and updates and he feels the board is well trained.

He said that one of the good things this ordinance does is that in the case of a late filed appeal, this offers the opportunity for five minutes for the appellant to address the board.

Mayor Weldon said that she wanted to publicly thank Mr. Epstein for his service on the board and that not many people were aware that in order to provide consistency, Mr. Epstein attend just about every single BOE hearing that was held, many of which he chaired.

Mr. Gottschalk then provided an overview of the changes in the ordinance and the reasons behind the proposed changes. He noted that this was the third time a version of the ordinance was before the Assembly COW. He noted that by codifying these processes, all citizens will have easy access to the rules and procedures under which the BOE operates. He said these are all procedural changes that are getting codified. What they are not changing is the burden of proof which lies with the appellant. They are not changing the assessment process. The burden comes from state statute and the assessment process comes through the Assessor's office and is beyond the scope of the BOE. The BOE is made up of community volunteers and they have no objection to assessor transparency.

Mr. Bryson asked if this streamlines or makes a positive change for appellants to be able to navigate the appeal process if they need to file an appeal. Mr. Gottschalk said that he thinks this will be useful to the appellants and he referred to the chart on packet page 43 and is something they can make available on the website. He said that they do envision that any member of the public that is a property owner or their representative should be able to file an appeal without having any sort of legal representation.

Mr. Bryson and Ms. McEwen spoke to the application process for BOE members.

Mayor Weldon thanked Mr. Gottschalk and Deputy Clerk Diane Cathcart for all their work with the BOE through all the hearings this past year. She also thanked Mr. Gottschalk for providing the chart upon her request.

MOTION by Mayor Weldon to move Ordinance 2022-21 to the Assembly with the following amendments:

Mayor Weldon said that she met with Mr. Palmer and Mr. Gottschalk along with members of the Chamber of Commerce to address some of the items in their memo to the Assembly.

Amendment #1a: on page 11 of the ordinance to add the words "Upon finding good cause, the presiding officer may extend both the appellant's initial presentation and the assessor's presentation by equal amounts."

Amendment #1b: on page 12 of the ordinance, line 19, item (d) to read:

"(d) Relaxation of requirements. This section is designed to facilitate the business of the board and shall be construed to secure the reasonable, speedy and inexpensive determination of every appeal. The procedural requirements of this section may, in the discretion of the presiding officer, be relaxed in any case in which a strict adherence to requirements will work injustice."

Hearing no objection, the motion with amendments passed by unanimous consent.

Mayor Weldon stated that the other part of her discussion with members of the Chamber were related to the assessment process and since that was separate from the BOE, she said that she would be working with Law to try to address those outside of this ordinance process.

Ms. Hale said that she appreciates that the Mayor is going to work with Law on making the assessment standards more transparent.

Ms. Hughes-Skandijs said that members of the community, not just the Chamber of Commerce, can also suggest ordinance changes, meet with the Mayor and or members of staff and the Assembly to request changes to the code.

F. STAFF REPORTS

Ms. McEwen noted that there is a deadline of November 30 to receive applications for the planning Commission and the Hospital Board and the Assembly will be conducting interviews with those applicants on December 14.

G. NEXT MEETING DATE

The next meeting of the Committee of the Whole was scheduled for Monday, December 19, 2022 @ 6:00p.m.

H. ADJOURNMENT

There being no further business to come before the committee, the meeting was adjourned at 8:29p.m.