ASSEMBLY COMMITTEE OF THE WHOLE
August 26, 2019, 6:00 p.m.
Assembly Chambers - Municipal Building
Assembly Work Session - No Public Comment

MINUTES

I. ROLL CALL

Deputy Mayor Maria Gladziszewski called the meeting to order at 6:00 p.m. in the Assembly Chambers.

Assemblymembers Present: Maria Gladziszewski, Rob Edwardson, Wade Bryson, Michelle Hale, Carole Triem, Alicia Hughes-Skandijs, Mary Becker, Loren Jones and Mayor Beth Weldon.

Assemblymembers Absent: None.

Staff present: City Manager Rorie Watt, Deputy Manager Mila Cosgrove, Assistant City Attorney Teresa Bowen, Municipal Clerk Beth McEwen, Finance Director Jeff Rogers, Chief Housing Officer Scott Ciambor

II. APPROVAL OF AGENDA

Mr. Watt explained that they structured the agenda with the expectation that the Assembly would spend some time on the first two items and less so with the last two.

Ms. McEwen asked for an at-ease to ensure that the recording equipment was working. The meeting went back on the record at 6:10 p.m.

III. APPROVAL OF MINUTES

There were no minutes presented for approval.

IV. AGENDA TOPICS

A. Disposal of Vintage Park Subdivision Land for Assisted Living Development

Chief Housing Officer Scott Ciambor gave a presentation on the assisted living development and the packet contained a GANTT chart outlining the timelines involved for all the various pieces related to the Senior Housing Assisted Living Proposal and the anticipated next steps.

Mayor Weldon asked for clarification on Mr. Ciambor's terms relating to "Senior Housing Development" vs. "Assisted Living" as she thought they were one and the same but they are used differently in his memo. Mr. Ciambor clarified that the goal all along has been with respect to assisted living and memory care and he said they could change the language going forward for clarity to refer to it as "Senior Housing Assisted Living."

Mr. Jones expressed his concerns regarding the sealed competitive bid proposal to sell the land at Fair Market Value (FMV). They are trying to build senior assisted housing. The Assembly purchased the land so it would be available for this use and they passed the tax abatement ordinance to make it financially sound. He said the three tools to use to achieve the goal of senior assisted living are making the land available, providing for tax abatement, and use of the housing fund. In light of those tools, he suggested that the evaluation should be on what the bidders will be proposing, and how much of each of those tools will they will want to use.

Members asked a series of questions of staff about the various levers that the proposers might use. Mr. Ciambor and Mr. Watt provided the answers. Mr. Watt explained that the method of using the sealed competitive bid was designed to pick the best project proposal and base the award on the project rather than the lowest cost bidder. The goal is to pick a land purchaser that is best for the project. Parallel to that is the grant process. If the grant process erases the cost of the land, it is achieved in the grant process rather than the land sale getting complicated by picking things other than the best grant proposal.

Mr. Ciambor discussed the process they have gone through over the past few years. At this time, they are trying to set up a process to get information. The information that will be requested will set the structure to get the fact-finding analysis to have the comparative discussions. They will be asking submitters to provide full pro formas.

Mr. Edwardson compared this process to the ocean ranger program in which they used a “best value” contract to spend a specific amount of money and to see what return they could get for the same dollar number from different proposers. In essence, they were looking for who could provide the best widget for the amount of funding that was available.

Mr. Watt said that is the scenario they are looking at with this process. The sealed competitive bid process is to get the best program purchasing the land as the first widget and keep that process separate from the grant process through the Affordable Housing Fund.

Assemblymembers and staff then discussed the potential use of Affordable Housing Fund (AHF) monies. Mr. Ciambor explained that AHF still needs to be finalized and whether or not it can be used as part of this or other opportunities will be up to the Assembly to decide. Mr. Watt suggested that the status of the AHF should be discussed when they come back to the Assembly with the project proposals. The Assembly may choose to use those funds towards the proposals received or to reserve those funds for use in meeting other housing goals.

Mr. Edwardson shared his concerns that they will come down to the wire and things will come to the Assembly at the stage that there are no alternatives and the decision to vote up or down on a project will come down to the wire. Assemblymembers then discussed the process and timelines involved in more detail.

Mr. Watt explained that the Assembly would be asked to approve two ordinances. One ordinance would be authorizing the land sale and any conditions required. The other ordinance would relate to any grant support.

Mr. Jones expressed a concern that for-profit companies' financial documents would be subject to public review if they were submitted as part of the bid packet. Mr. Watt said that anything submitted to the Assembly would be subject to public disclosure. They will keep their financial pro formas to themselves. He said in this type of situation, if they get a developer and it is a for-profit developer, they would have a starting assumption on things such as their room rates and their payer mix. That may or may not pen out and change over time.

Mayor Weldon asked if staff picks a proposer and the Assembly does not like that proposal, what their options might be and if it would leave the project hanging.

Mr. Ciambor said that if staff brings a project proposal to the Assembly and the Assembly disapproves, his understanding is that process is done and they would need to start from scratch again. Members and staff then discussed the timelines anticipated and Mr. Watt explained that they envision a several month period for the solicitation. Mr. Ciambor said they anticipate the bid packet to be available in September. By code, it is required to be out on the street for at least 21 days and they anticipate bringing the successful bid proposals back to the Assembly on December 9.

Ms. Hale said that she hopes that ground could be broken in 2020 and that the time line in the packet would have to be adhered to very closely in order to meet that timeline. She asked that the Assembly be kept up to date on this project to ensure this moves forward according to the proposed timeline.

MOTION by Mayor Weldon to direct staff to begin the sealed competitive bid process for the Vintage Park Subdivision Land for Assisted Living Development and asked for unanimous consent. *Hearing no objection, the motion passed.*

B. JRES (Juneau Renewable Energy Strategy) CIP & Heat$mart proposal

Ms. Gladziszewski noted that this matter was referred to the COW from the Assembly Public Works and Facilities Committee (PWFC). She also noted that members of the HeatSmart Board were present to answer questions if the Assembly had any.

Manager Watt provided an overview stating that this issue came to the PWFC in July. In January, they recommended inclusion of $250,000 in the Capital Improvement Program (CIP) for undefined activities that the Assembly chose for implementing the JRES. He said there are broad strategies in the JRES but there are two that he thinks are more attainable in the short term. One is reducing dependence on fossil fuel for transportation and the other is fossil fuel reduction for heat.

Mr. Watt explained that this group has formed a new organization called Alaska HeatSmart and they have a proposal that they included in the packet that would use some of the funding that is already in the CIP. He stated that Mr. Vigue's memo to PWFC suggests breaking that $250,000 into two activities. One part would be for the non-profit HeatSmart group to start up advocacy, education, technical support for conversion to heat pumps and leave some money in the CIP for staff to work on transportation issues with the Assembly.

Mr. Watt said that generally heat pumps have been very popular in Juneau and are a bit more complicated than people appreciate. He said they are not always a good application for all types of structures and having technical, impartial advice available to homeowners and commercial property owners is a good idea. The technical advice is important for success. In terms of public engagement, the group proposes elevating heat pumps in the community in a publicly visible way. There are good reasons to support that and get away from the idea of using fossil fuels and to promote using renewable energy for heat pump systems.

He said this is a good start but there are some things that give him pause but they are not deal killers. Those include the following concerns:

1) In reviewing their draft budget, he would prefer to see more of the budget fall into direct services and direct technical support to the property owners.

2) If the Assembly is buying into this concept, they would be buying into a multi-year approach. They should be fully aware that this would not just be a one-year event.

3) He sees that at some point, in order to get heat pump conversions, financial incentives will eventually be required. If at some point as a community, we are trying to push the needle on heat plant conversions financial support will become necessary and he likened it to the accessory apartment grant program.

Mr. Watt then addressed the proposal for data collection, and through that process, the lessons learned on how much savings it will provide is all a beneficial part of the public process. He said that this is a year one proposal and it is realistic to think that the program will evolve with as much money as possible going into technical support and eventually some Assembly analysis and understanding of what a grant program might achieve.

He said the last piece would be to reserve some funds in the CIP for staff to be available to work on the issues. Ms. Gladziszewski said that the CIP was envisioned to be a multi-year thing, not just a one-year thing.

Mayor Weldon thanked the group for submitting a proposal. Assemblymembers and members of HeatSmart: Alec Mesdag and Steve Behnke then discussed the anticipated deliverables, the funding needs and timing of this process in great depth. Assemblymembers then discussed the financial aspect of one time vs. long term funding as well as the process for sending this and future items through the Assembly Finance Committee grant process.

MOTION by Mayor Weldon to give direction to the manager to draft an ordinance to provide a grant in the amount of $147,000 to AK HeatSmart and asked for unanimous consent.

Objection by Mr. Jones.

Mr. Jones spoke to his objection. He said that if they are going to own the goals the Assembly set, it is going to cost some money and resources and he does not disagree with that. He said that he doesn't think this Assembly has made any conscious decision as to what that means or what direction they should go or what should be first, second, and third emphasis. He said that they have a proposal for one part of it in the absence of anything coming from the Assembly.

Mr. Edwardson spoke in favor of the motion. He said that the Assembly has passed the JRES and he would like to receive more information going forward and that this is a onetime shot and he will be looking to scrutinize future requests.

Mr. Bryson also spoke in favor of the motion as he would prefer residents contribute to our local economy rather than towards 95% of every gallon of fuel purchased leaving the community to the fuel companies.

ROLL CALL VOTE

Ayes: Weldon, Hale, Bryson, Edwardson, Triem, Hughes-Skandijs, Becker and Gladziszewski
Nays: Jones

Motion carried 8:1

C. Subport Bid Process- verbal report

Mr. Watt noted that there was a memo in the red folder from Finance Director Jeff Rogers regarding the subport bid. Mr. Watt explained that staff got direction at the meeting on August 19 during the executive session on bidding. There is a procedural process to follow if CBJ wins the bid.

If CBJ wins the bid, we then have to have a Special Meeting to deal with the appropriation of the funds to purchase the property and we need to do that so that the Manager would be authorized to sign the purchase and sale agreement. The bids will be opened on September 9 at 10 a.m. If CBJ wins the bid, there would be a Special Assembly meeting on September 12 for the sole purpose of introducing an ordinance. It could be a five-minute meeting and Mr. Watt asked if they should try to schedule it for noon or 5 p.m.

Ms. Triem noted that there are candidate forums that day at 6:30 a.m. and 11:30 a.m. – 1:30 p.m. Ms. Gladziszewski noted that they only need five people who can be present. It was determined that there could be a quorum present at 5:00 p.m. on September 12. Mr. Watt noted they would tentatively calendar the special meeting for September 12 at

5:00 p.m. but wait to finalize it until the bids are open in the event the bid opening shows CBJ conclusively loses or if there is a second phase because the top bidder has a second bidder within 5%, in which case, there will be an outcry. They will only need the special meeting if CBJ conclusively wins the bid.

Ms. Gladziszewski noted that this memo requires transferring funds from one CIP to another and asked if that requires meetings. Mr. Watt explained that it would be the Finance Director's preference to do an appropriation of a central treasury loan as the cleanest path and then back filling that with the FY21 Marine Passenger Fees. There are other methods that are a lot less elegant and clean from a financial standpoint.

D. Assembly Goals Update

Mr. Watt gave a brief synopsis of the goals document found in the packet. He pointed out that the Assembly has made a lot of progress on its goals. That was accomplished during the same year that they spent a lot of time on the CLIAA litigation topic and a lot of time on state budget considerations. He wanted to provide this snapshot to the Assembly as they gear up towards the Financial Sustainability process and as they work towards developing their next year's goals to be considered at the December 7 Assembly retreat.

V. ADJOURNMENT

There being no further business to come before the committee, Ms. Gladziszewski adjourned the meeting at 9:12 p.m.

Respectfully Submitted,

Elizabeth J. McEwen, MMC
Municipal Clerk