CITY AND BOROUGH OF JUNEAU
ASSEMBLY COMMITTEE OF THE WHOLE
July 15, 2019, 6:00 PM
Assembly Chambers – Municipal Building

MINUTES

I. ROLL CALL

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

Assemblymembers Absent: None.

Staff present: City Manager Rorie Watt, City Attorney Robert Palmer, Deputy Manager Mila Cosgrove, Municipal Clerk Beth McEwen, Finance Director Bob Bartholomew, and Engineering/ Public Works Director Mike Vigue.

II. APPROVAL OF AGENDA

The agenda was approved as corrected.

III. APPROVAL OF MINUTES

A. May 20, 2019 Assembly Committee of the Whole Minutes

MOTION by Ms. Becker to approve the minutes with corrections. *Hearing no objection, the minutes were approved as corrected.*

IV. AGENDA TOPICS

A. Centennial Hall & New JACC Discussion Continued from 7/8/2019 COW

Ms. Gladziszewski gave an overview of process before the committee and the calendar before the body to place any items on the ballot for the October 1 election.

Finance Director Bob Bartholomew gave a presentation on the overall finances of the city highlighting the status of the operating budget, the school debt reimbursement program, and the amounts associated with a number of CIP projects and Assembly grants. His presentation included an overview of one time funding sources as well as recurring funding estimates and included graphs outlining the debt service mill levy and property tax revenues.

Mr. Bartholomew then answered questions from Assemblymembers.

Following the financial presentation, Ms. Gladziszewski asked City Attorney Robert Palmer to provide the information on the overarching items that have been discussed so far on the JACC and Centennial Hall projects. Mr. Palmer distributed a memo outlining five legislative options. Any ordinances for ballot propositions would need to be introduced at the July 22 Assembly meeting and set for public hearing at the August 19 meeting unless earlier dates were scheduled to hear the ordinances. Mr. Palmer also gave the following meeting dates and potential meeting dates to keep in mind as they are deliberating on their actions provided they ensure the required public notice for ordinance action is met.

- July 22 – Regular Assembly meeting at which ordinances would need to be introduced
- July 29 – Assembly Committee of the Whole scheduled
- August 5 – open night
- August 12 – open night
- August 19 – last regular Assembly meeting at which a ballot ordinance can be adopted
- August 20 – potential to hold a Special Assembly meeting if one was needed.

Ms. Gladziszewski noted that they would need to decide upon the title of any ordinance relating to GO bonds needs to determine for introduction at the July 22 meeting. Mayor Weldon said that since the GO bond ordinance would need a dollar figure in its title at the time of introduction, if they could not decide upon a final dollar amount tonight, multiple versions of the ordinance could be introduced on July 22 and they could decide at another COW meeting which one to forward for public hearing and action at the next Assembly meeting.

R. Palmer Memo Options:

OPTION #4. An Ordinance Increasing the Hotel-Motel Room Rental Tax from Seven Percent to Twelve Percent and Calling for an Election on the Question.

OPTION #5. An Ordinance Amending the Sales Tax Code to Exempt Transient Residential Rentals from the general 5% Sales Tax.

Mayor Weldon handed out a proposal that would increase the Hotel Tax to 9%, which is an increase of 2% and keeping the sales tax so the whole tax on the hotel room would go from 12% to 14%. She said she understands this is a hit on the hotel people in town but what this money would do is to take some relief off the mill rate. She noted in the second column that the approximate guess is $400,000 with an increase in revenue at 2% of the hotel tax over a period of 15 years would provide approximately $6,000,000, less the debt service amount of $1,500,000 giving a remainder of $4,500,000 for the CIP. She then noted that on page 2 of the handout from Bob Bartholomew at the bottom of the page, the "Allocation of 5% increase in Hotel Tax to debt service" would change from $12,500,000 to $4,500,000 and the ($1,000,000) on the recurring funds column would be eliminated. She noted that this proposal would replace Option #4 of City Attorney Palmer's memo and Option #5 would be eliminated.

Ms. Gladziszewski recapped that the effect of that would be to drop Option #5 and amend Option #4 to raise it from 7% to 9%. She said the effect of that would be that whatever the number they pick for Centennial Hall, $4,500,000 could come from this source and $X Million they would ask the voters to approve in property taxes.

Mayor Weldon agreed that was her proposal and that she agreed with Mr. Jones that it should be targeted for Centennial Hall in the manner described by Ms. Gladziszewski.

Discussion took place about comparative bed tax percentages across the state and Travel Juneau Executive Director Liz Perry came forward and answered their questions.

Ms. Hale said they have not yet discussed the dollar amounts of what it will take to do the projects for Centennial Hall and JACC and so did not know if a motion was ripe at this time.

MOTION by Mayor Weldon to direct the City Attorney to draft an ordinance to increase the Hotel/Motel bed tax from 7% to 9% and calling for an election on the question to be introduced at the next regular Assembly meeting and have the proceeds directed to a Centennial Hall project specifically.

Mayor Weldon said that while it does not need to be in the body of the language that they can continue to work on this for 15 years.

After some additional discussion, the motion carried without objection.
R. Palmer Memo Options:

OPTION #2. Ordinance Appropriating $___ as a Grant for the New JACC.
Should the Assembly desire to provide a grant for the New JACC, with or without #1 above (advisory vote), and appropriating ordinance would be needed. If such an ordinance is presented before the advisory vote, then it should have at least the same conditions as those presented to the voters (#1b, above); the Assembly is free to add other conditions (i.e. dependent on GO Bond ordinance passage for CH); and the effective date of the appropriation should be no sooner than the certification date of the election.

MOTION by Mayor Weldon to direct the City Attorney to draft an Ordinance Appropriating in the amount of $4.5 million for a grant to the new JACC to the July 22 Assembly meeting with the intent to seek an advisory vote on the ballot. (Option #2)

Objection to motion by Alicia Hughes-Skandijs for purposes of asking a question. She asked about the process for bringing forth something to consider both options with a $4.5 vs. $7.5Million fill in the blank number.

Mr. Edwardson said he is willing to put forward an amendment to change the number from $4.5 to $7.5Million.

Ms. Gladziszewski noted that if the motion on the table is for the $4.5Million from Option #2 of Mr. Palmer's memo. That would be clear, as described in the memo that the intent is to asking voters if they would agree that we should take previously approved Sales Tax money that had previously been intended for Centennial Hall and move it to the JACC. She said that is the clear source of the $4.5Million. She said that the question she would have if someone made the motion to change that from $4.5 Million to $7.5 is “What is the source of the additional $3 Million?”

Ms. Hughes-Skandijs asked for further clarification as to process and whether the idea is to forward only one ordinance for introduction with one number or if they could put forth two separate ordinances if they could not not decide upon a number at this meeting.

Ms. Hale asked if the Assembly as a body has the ability to amend the number on July 22 and/or at August 19, after they hear public testimony, to change that number.

Ms. Gladziszewski said we do have that ability for this one but for the GO Bond, they are limited by the title which has to be that number of what they want to move forward.

Mr. Watt said for clarification, they do not have the opportunity to amend the ordinance on July 22 as it will only be up for introduction, they cannot act on it the July 22 meeting but any action, and amendments would have to take place on August 19 when it was before them for public hearing.

Ms. Hale said that for purposes of this discussion, they do not need two because they can change it later if they want to. Mr. Palmer said for right now, yes, that is correct but it also depends on what they do for other ordinances if there is any overlap in conditioning between the two. An example would be that if there is a desire for a bond ordinance and there is a condition in the bond ordinance that the appropriation for the JACC has to pass, they might need to figure that out. He said he will go with this for the moment but they will need to provide some additional clarity as the night goes on.

Ms. Triem asked for confirmation that they will need to decide a number at this meeting for a GO Bond ordinance. Ms. Gladziszewski said it would be ideal to decide on the number, if they cannot decide on a number, they could introduce two GO Bond ordinances with different numbers. Ms. Triem said that the grant for the JACC could be changed on August 19. Mr. Palmer said that would depend on what they do tonight and what the overall picture looks like.

Ms. Gladziszewski noted there was a motion on the floor for Option #2 with $4.5 million.

Mr. Jones objected and made an amendment.

AMENDMENT by Mr. Jones to amend the motion so that it reads: "$7.5 Million which would include $4.5 Million of sales tax that was approved for Centennial Hall with the additional $3 Million that would be from yet unrealized sales tax and that the conditions would remain that if the JACC failed to reach their numbers, none of that money would be released.

Additional discussion took place on the subject.

ROLL CALL VOTE on Amendment
Ayes: Jones, Triem, Hughes-Skandijs, Hale, Edwardson
Nays: Becker, Bryson, Gladziszewski, Weldon
Motion carried 5:4

ROLL CALL VOTE ON MAIN MOTION (OPTION #2 WITH ADVISORY VOTE) AS AMENDED:
Ayes: Triem, Jones, Hughes-Skandijs, Hale, Edwardson, Bryson, Gladziszewski
Nays: Becker, Weldon
Motion as amended carried 7:2

R. Palmer Memo Options:

OPTION #1. Ordinance Providing Grant for the New JACC and Seeking an Advisory Voter
This ordinance is included in the packet. If the COW wants to have this ordinance introduced and set on the October ballot, the COW needs to:

- *a) Identify the amount of the grant, and*
- *b) Set any grant conditions (i.e. release funds upon Partnership for New JACC receiving x% of project funding, five-year window, etc…)*

MOTION by Mayor Weldon Option #1 with the following conditions:
a) Identify the amount of the grant @ $7.5 Million and ask for an advisory vote

b) Set the grant condition at the JACC receiving 90% of their project funding,
c) If Centennial Hall GO bonds passes, and
d) It needs to be within the five-year window of the 1% Sales Tax project funding schedule.

After discussion took place regarding the collection of the funds by FY24 and it was decided to combine item (d) with item (b) and so the final motion would read:

MOTION by Mayor Weldon to direct the attorney to draft an ordinance providing a grant to the new JACC and seek an advisory vote with the following conditions:
a) Grant in the amount of $7.5 Million,
b) CBJ won't release the funds unless the JACC receives 90% of their project funding by FY24, and
c) That the Centennial Hall GO bonds passes.

Following the above clarification of the motion, there was no objection and the motion carried by unanimous consent.

R. Palmer Memo Options:

OPTION #3. Ordinance Authorizing $___ in General Obligation Bonds for Centennial Hall and Calling for a Vote
This ordinance would allow the CBJ to bond for improvements to Centennial Hall upon voter approval. If the COW wants this ordinance introduced, the COW needs to:
- *a) Identify the maximum amount of the bonds, and*
- *b) Identify the scope of the bonds, which is presumably for, all or some, of the Centennial Hall improvements identified at the COW meeting on July 8, 2019.*

OPTION #3

MOTION by Mr. Jones to request an Ordinance Authorizing $10M in General Obligation Bonds for Centennial Hall and Calling for a Vote.

This item was discussed at length with members weighing in on their support or opposition to the motion. Mr. Bartholomew and Mr. Palmer provided explanations of the bond ordinance process and that during the 2012 Municipal Election; they did a similar bond ordinance that provided for sales tax contingencies on that same ballot.

Objection by Ms. Hale due to the fact that they have a business case for $7 Million but not necessarily for the $10 Million. Ms. Gladziszewski said she would support Ms. Hale's lower number of $7 Million. Mayor Weldon said she would support both Mr. Jones' motion and Ms. Hale's comments and suggested they forward two separate ordinances to the Assembly to take public testimony and decide upon the final ordinance through the public process.

MOTION (Option #3 replacing the above motion) by Mr. Jones to request an Ordinance Authorizing $10 Million in General Obligation Bonds for Centennial Hall and Calling for a Vote with $4.5 Million coming from Hotel Bed Tax funding and $5.5 Million plus debt service from property tax.

ROLL CALL VOTE ON MR. JONES' MOTION
Ayes: Triem, Jones, Hughes-Skandijs, Edwardson, Bryson, Becker, And Weldon

Nays: Hale, Gladziszewski
Motion carried 7:2

MOTION (Option #3) by Ms. Hale to request an Ordinance Authorizing $7 Million in General Obligation Bonds for Centennial Hall and Calling for a Vote with $4.5 Million coming from Hotel Bed Tax funding and $2.5 Million from property taxes.

Objection was noted.

ROLL CALL VOTE ON MS. HALE'S MOTION
Ayes: Triem, Hughes-Skandijs, Edwardson, Bryson, Weldon, Hale, and Gladziszewski
Nays: Jones, Becker
Motion carried 7:2

B. State Budget Discussion

Discussion took place about making an active statement about the State Budget and the impacts on Juneau as the capital city as well as the state budget impacts in general. It was decided that Mayor Weldon would work with the City Attorney and Manager on crafting a resolution to be considered at the July 17 Special Assembly meeting that can be provided during the testimony at the State Legislature on Thursday, July 18.

V. ADJOURNMENT

There being no further business to come before the committee, the meeting was adjourned at 8:28pm.

Respectfully submitted,
Beth McEwen, MMC
Municipal Clerk