ASSEMBLY FINANCE COMMITTEE AGENDA

September 18, 2024 at 6:00 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

B. ROLL CALL

C. APPROVAL OF MINUTES

1. **September 4, 2024**

D. AGENDA TOPICS

2. **Bartlett Regional Hospital Support (Supplemental Materials)**
3. **Eaglecrest: FY25 Funding Review**
4. **Glacier Outburst Flood Response Appropriations**

E. NEXT MEETING DATE

5. **November 6, 2024**

F. SUPPLEMENTAL MATERIALS

6. **Bartlett Regional Hospital Support**
7. **Eaglecrest Supplemental Information**

G. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.gov.

ASSEMBLY FINANCE COMMITTEE MINUTES

September 4, 2024, 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 5:30 pm by Acting Chair Mayor Beth Weldon.

B. ROLL CALL

Committee Members Present: Mayor Beth Weldon; Michelle Hale; Greg Smith; Paul Kelly; Ella Adkison; Alicia Hughes-Skandijs

Committee Members Present Virtually: Christine Woll

Committee Members Absent: Wáahlaal Gíidaak; Wade Bryson

Staff Members Present: Katie Koester, City Manager; Robert Barr, Deputy City Manager; Angie Flick, Finance Director; Adrien Wendel, Budget Manager; Ian Worden, Bartlett Regional Hospital (BRH) Chief Executive Officer; Joe Wanner, BRH Chief Financial Officer

Others Present: David Witthohn, Insight Investment Senior Portfolio Manager; Max Mertz, BRH Board Member

C. APPROVAL OF MINUTES

1. June 5, 2024

The June 5, 2024 minutes were approved as presented.

D. AGENDA TOPICS

2. Investment Update

David Witthohn, Insight Investment Senior Portfolio Manager, introduced the slide on page ten of the packet and began discussing the City and Borough of Juneau's (CBJ) investment portfolio. He described the details of the yield curves on the slide. He stated that the whole yield curve has been continuing to shift lower, which is in anticipation of the Federal Reserve lowering interest rates.

Mr. Witthohn pointed to the slide on page eleven of the packet and explained that this graph showed actual economic output compared to what the expected output was predicted to be. He shared that at the beginning of 2024, 1.4 percent Gross Domestic Product (GDP) caused concern as two percent GDP had been the average for the last decade. The 2nd quarter 2024 numbers showed three percent GDP growth which indicated healthy growth of the economy. He stated that the Federal Reserve had effectively achieved the "soft landing" it had worked towards in fighting post-Covid era inflation.

Mr. Witthohn pointed to the next slide on page twelve of the packet which shows the unemployment rate and job openings rate of the last few years. He stated that during the pandemic the unemployment rate dropped to 3.4 percent and has been rising slightly over the last couple of years. He stated that currently

there are slightly more job openings than unemployed people and that inflation has been coming down for the last two years. These indicators now give the Federal Reserve confidence to begin to lower interest rates.

Mr. Witthohn introduced the slide on page fourteen of the packet which shows the real credit card debt and credit card delinquency rate. He stated that as credit card usage has gone up, credit card delinquency rates have also risen. This is likely the effect of consumers running out of Covid stimulus funds. He stated that the effect these activities will have on the economy are yet to be seen. On the slide on page fifteen of the packet, Mr. Witthohn pointed out that interest payments on the US Government's Federal debt is now its third largest expenditure.

Mr. Witthohn described the portfolio summary on page eighteen of the packet and stated that portfolio performance has been good, up twelve basis points over the benchmark for the last three-month average. He stated that the market value of the portfolio has been increasing significantly since April 2024 and that the portfolio is earning twice as much income now as it was two years ago.

Mr. Witthohn discussed asset allocation and stated that the largest holding is Treasury at 23 percent. He stated that when looking at the assets you can see that it's a relatively high-quality portfolio.

Assemblymember Smith asked for definitions of the acronyms under the Sector column on page 21 of the packet.

Mr. Witthohn answered that ABS stands for Asset Backed Securities, CMO stands for Collateralized Mortgage Obligations, and CMBS stands for Commercial Mortgage Backed Securities. He stated that all of these bonds are rated Triple A.

Assemblymember Smith asked if Insight Investment can give ESG scores for portfolios.

Mr. Witthohn answered that they can give ESG scores and they have full ESG capabilities.

3. Bartlett Regional Hospital Support

a. Home Health & Hospice

Joe Wanner, Bartlett Regional Hospital (BRH) Chief Financial Officer, pointed the Body to page 49 of the packet and discussed the topic of the Rainforest Recovery Center, beginning with the demographics of patients they've served.

Assemblymember Hale asked if the Rainforest Recovery facility in Juneau had beds available, are they required to take in patients from other areas in Alaska.

Mr. Wanner replied that it is not a requirement to take in patients from other communities in Alaska if they have available beds.

Mr. Wanner introduced Fred Sweetski, Gastineau Human Services Behavioral Health Director, who began discussing the difference between the 3.1 and the 3.5 level of service.

Mr. Sweetski described the difference as being either in level of intensity or hours of services that clients are receiving. He explained that the 3.5 level of service also requires an additional medical component where clients can have their medical needs met within 72 hours of arriving. He stated that service level 3.5 is a

minimum of 20 hours per week of services to the client, whereas service level 3.1 is a minimum of nine hours and a maximum of 19 hours.

Mr. Wanner stated that the rest of the slides show the details between the two service levels.

Katie Koester, City Manager, pointed the Body to the memo on page 43 of the packet. She summarized the previous Assembly Finance Committee (AFC) meeting action that directed the Committee to create an ordinance to fund the deficit for BRH's Hospice and Home Health programs, which is $386,000, for Fiscal Year (FY) 2025 with no funding source. She explained that this memo presents various funding sources.

Ms. Koester stated that the total combined funding for Hospice and Home Health and Rainforest Recovery Center was $2.15 million for the current FY. She explained that BRH's fund balance should be thought of differently than how CBJ views their own fund balance. She asked if any assemblymembers had questions on BRH's fund balance as presented in the memo on page 44 of the packet.

Assemblymember Woll asked if a certain amount of funding was required for BRH to set aside for future capital projects.

Mr. Wanner answered that BRH Board policy designates funds for capital replacement, based on a Medicare rule. This is for reimbursement reasons as well as securing funds for future capital purchases, but it is not a requirement.

Ms. Koester continued discussing other potential funding sources described in the memo. She mentioned that the Assembly had approved $900,000 as a loan to Coogan LLC, through the Affordable Housing Fund, but that these funds would revert back to the Affordable Housing Fund as negotiations with the developer did not work out. She stated that the Manager's recommendation at the July meeting was to fund Hospice and Home Health and create an ordinance, which still needs a funding source identified.

Motion: by Assemblymember Woll to move to direct Staff to draft an ordinance that would change the funding source of the Emergency Flood Appropriating Resolution for up to $505,000, to be funded from the Restricted Budget Reserve instead of the Unrestricted General Fund.

Angie Flick, Finance Director, stated that the emergency resolution included a portion of funding coming from the General Fund for stormwater repairs and for debris pick up, which are both reimbursable from State or federal sources. She shared that a portion for planning would not be reimbursed and therefore was not included as part of the amount to be funded from the Restricted Budget Reserve (RBR). The RBR will be repaid upon receipt of State or federal reimbursement.

Motion passed by unanimous consent.

Motion: by Assemblymember Hale to move Ordinance 2024-01(b)(G) appropriating $386,000 for Hospice and Home Health, with the funding sources as $200,000 from General Funds and $186,000 from BRH fund balance, to the full Assembly for introduction.

Motion passed by unanimous consent.

Motion: by Assemblymember Woll to move to direct the City Manager to include $200,000 for Hospice and Home Health in the FY26 Manager's Proposed Budget.

<u>Objection:</u> by Assemblymember Hale.

<u>Roll Call Vote on Motion</u>
Ayes: Woll, Smith**,** Kelly, Adkison, Hughes-Skandijs, Weldon
Nays: Hale

Motion passed. Six (6) Ayes, One (1) Nay.

b. Rainforest Recovery Center

Robert Barr, Deputy City Manager, stated that in recent meetings with Gastineau Human Services (GHS) it was demonstrated that they have a financially sustainable business model while providing 3.1 level of services. He stated that GHS is working on an expansion program that would add 4 to 8 additional beds to their facility. He pointed the Body to the presentation on page 57 of the packet.

Assemblymember Hale asked if there would be a different billing rate for patients needing a physician level service at the 3.5 level who are treated at BRH versus patients in the care of GHS at the 3.1 level.

Mr. Barr replied that his understanding was that GHS would be reimbursed at the 3.1 level for that type of care and when an outside agency provided additional services, that would be billed for separately and on top of the amount GHS was reimbursed for.

<u>Motion:</u> by Assemblymember Hale to move to direct Staff to draft an ordinance for $500,000 of General Funds for Rainforest Recovery Center and direct Staff to continue working with GHS to ensure a smooth transition of care and ask for unanimous consent.

<u>Objection:</u> by Assemblymember Woll.

Assemblymember Woll asked that if the transition didn't occur this year, would BRH allocate funds from their own fund balance or would the program shut down.

Ian Worden, BRH Chief Executive Officer, responded that BRH was already allocating funds for this program from BRH's fund balance. He confirmed that instead of letting the program shut down, BRH would come to the Assembly with another funding request to keep the program operational.

<u>Objection:</u> by Assemblymember Hughes-Skandijs.

Assemblymember Smith expressed support for the motion.

Assemblymember Kelly expressed concern that $500,000 is not enough funding to keep the program going.

<u>Amendment:</u> by Assemblymember Woll to move to change the amount of support for Rainforest Recovery Center from $500,000 to $1 million, keeping the funding source as General Funds.

<u>Objection:</u> by Assemblymember Smith for the purpose of preserving fund balance.

<u>Objection:</u> by Mayor Weldon for the same reason as Assemblymember Smith.

Assemblymember Woll withdrew the amendment.

Roll Call Vote on Motion
Ayes: Hale, Woll, Smith**,** Adkison, Kelly, Weldon
Nays: Hughes-Skandijs

Motion passed. Six (6) Ayes, One (1) Nay.

Motion: by Assemblymember Woll to move to direct the City Manager to include $500,000 for Rainforest Recovery Center in the FY26 Manager's Proposed Budget.

Objection: by Assemblymember Hale and Mayor Weldon.

Assemblymember Smith expressed opposition toward the motion.

Assemblymember Adkison expressed support for the motion.

Assemblymember Woll withdrew the motion.

The Committee recessed at 7:05 pm.
The Committee reconvened at 7:19 pm.

4. Bartlett Regional Hospital Emergency Department Addition Appropriation

Ms. Koester introduced the next agenda item stating that the request from Bartlett was to appropriate $8.9 million of their fund balance to the Emergency Department Addition Renovation project. She stated that this has been a high priority of BRH for a significant amount of time and it had been put on hold a couple of years back. She shared that BRH has $6 million of the roughly $9 million in additional funding they need for the project, secured in grant funding.

Max Mertz, BRH Board member, described how this project had come up in the AFC several times over the last eighteen months and was suspended on March 22, 2024. He explained that the current focus for the project is to bring it down in cost while still addressing critical areas for BRH. He stated that the proper funding had been obtained and the project was ready to move forward.

Assemblymember Smith asked if this addition would change the revenue of BRH or if there was another motivation for it, such as keeping up with hospital standards.

Mr. Worden stated that the expansion of the Emergency Department at BRH was critical in helping to address modern diseases such as Covid by adding and updating rooms from positive or neutral pressure to negative pressure, allowing hospital staff to care for these types of patients.

Assemblymember Woll asked how confident the BRH Board was that this project would still be a priority after the current transition in leadership at BRH is complete.

Mr. Mertz confirmed that this project will continue to remain a high priority for the hospital after the leadership transition.
Mr. Worden stated that BRH was in a good position to start work on the project next spring or early summer. He stated the importance of the project because of the high number of airborne diseases brought into the

community from cruise ship passengers. This expansion would allow for BRH to treat these types of illness more effectively.

Assemblymember Hughes-Skandijs expressed concern for funding the project with regards to previous discussions earlier this year about BRH's fund balance and its diminishing ability to fund hospital operations.

Mr. Mertz agreed that he had shared the same concern but that it had led leadership to narrow the project scope and cost significantly.

Motion: by Assemblymember Hale to move Ordinance 2024-01(b)(I) appropriating $8.9M of BRH fund balance to the full Assembly and ask for unanimous consent.

Motion passed by unanimous consent.

5. Audit Request for Proposal

Ms. Flick pointed the Body to page 67 of the packet and began discussing the need to do a Request for Proposal (RFP) for auditing services of CBJ. She stated that Staff would like to structure the RFP so that auditors can bid on the entire auditing work required by CBJ or they can choose to just bid on the BRH portion, the Juneau School District (JSD) portion, or the remainder of the CBJ audit separately. She mentioned the issue of creating a consistent scoring-criteria for evaluating submissions, explaining that there is not an equitable way to compare auditors that want to bid on the portions of the CBJ audit versus the entire City-wide audit. She asked for the Assembly's direction on how they would like to the RFP to be structured.

Assemblymember Kelly asked how many firms typically bid on the contract to do the full City-wide audit.

Ms. Flick answered that she would need to check with the Purchasing division to provide that information.

Assemblymember Smith asked how much CBJ usually spends on its audits every year.

Ms. Flick answered that in FY25 CBJ has estimated roughly $225,000 for the entire body of audit work. She explained that BRH and JSD pay for portions of the work and that the bulk of the cost is paid for by CBJ proper.

Assemblymember Hale asked the present members of the BRH Board what their preference was in terms of a packaged City-wide audit or a separate audit for BRH.

Mr. Mertz stated that the BRH Board's preference would be for a separate audit service. He stated that the reason was because of the complexity of healthcare auditing. He explained that BRH's audit would be best handled by a healthcare specialized auditing firm. He described other communities in Alaska whose common practice was to use separate auditors for their school districts as well.

Assemblymember Hughes-Skandijs asked if the audits for BRH and JSD were done separately from the CBJ proper audit, would those audit reports for BRH and JSD be transparent and readily available for Assemblymembers to read.

Ms. Flick confirmed that whether the audit was done separately for BRH and JSD or together as a City-wide audit, the auditors would be working for the Assembly and their reports would be available to Assemblymembers.

<u>Motion:</u> by Assemblymember Hale to propose the AFC direct Staff to solicit three scopes of work for the audit RFP, one for BRH, one for the JSD, and one for CBJ.

<u>Amendment:</u> by Assemblymember Kelly to move to package JSD's audit with CBJ's, but solicit for BRH's audit services separately and ask for unanimous consent.

<u>Objections:</u> by Assemblymembers Woll, Hughes-Skandijs, and Mayor Weldon.

Assemblymember Kelly withdrew the amendment.

<u>Objection:</u> by Assemblymember Adkison.

Mayor Weldon expressed support for the motion stating that the value of advice from specialized auditors for BRH and JSD would outweigh their cost.

<u>Roll Call Vote on Motion</u>
Ayes: Hale, Hughes-Skandijs, Smith**,** Mayor Weldon
Nays: Adkison, Kelly, Woll

Motion failed. Four (4) Ayes, Three (3) Nays.

<u>Motion:</u> by Assemblymember Woll for immediate reconsideration.

Assemblymember Woll spoke to her motion for immediate reconsideration stating that because the majority vote of four members would not pass the motion, she would like to reconsider her vote in support of the motion so it will pass. She stated that the motion for reconsideration would require six assemblymember votes to pass.

Motion for immediate reconsideration passed with unanimous consent, making the previous vote null and void.

Original motion passed by unanimous consent.

The Committee recessed at 8:03 pm.
The Committee reconvened at 8:08 pm.

6. Strategic Communication Planning

Ms. Koester introduced the memo on page 77 of the packet that provides context to an ordinance that was introduced at the last Assembly meeting, to spend $50,000 on a civic engagement and communication strategy. She pointed to the list of objectives in the memo and stated that they were quite bold. She explained that her intent was to issue an RFP for this and, from the RFP, have a budget request for the FY26 budget. She explained that the ordinance was introduced with a funding source from the General Fund, but that she was simultaneously requesting to deappropriate $50,000 of sales tax from the Hut to Hut CIP to offset the impact on Unrestricted General Fund balance.

Ms. Koester stated that she didn't need any action from the Committee at this time, but she wanted this information to come to a committee before it was introduced to give the Assembly an opportunity to provide feedback.

Assemblymember Hughes-Skandijs expressed support for the project. She stated that she would like to see clear communication and explanation for official notices sent from CBJ so recipients would know why they are receiving it.

Assemblymember Kelly asked if the $50,000 was meant to study how communication improvements could be implemented.

Ms. Koester confirmed that this amount would just be for studying how CBJ can improve and provide a communication strategy that the City Manager could bring to the Assembly for implementation.

7. St. Vincent de Paul Grant (Ord. 2024-01(b)(J))

Mr. Barr stated that St. Vincent de Paul had some turnover among their finance staff and they were not able to apply on time for a non-profit property tax exemption that they would typically be eligible for. He explained that it was being presented as an ordinance because Staff doesn't have the authority to grant the exemption.

Motion: by Assemblymember Hale to move Ordinance 2024-01(b)(J) for the $35,025 grant to St. Vincent de Paul, to the Assembly for introduction and ask for unanimous consent.

Ms. Flick stated that this ordinance had already been introduced in August and that no motion was needed unless it was desired to stop the proposal in its tracks.

Assemblymember Hale withdrew the motion.

Assemblymember Hughes-Skandijs asked if the late-file requirement for St. Vincent de Paul was different than the requirement for individual late-file exemptions, where only a late-file explanation letter was needed.

Mr. Barr confirmed that the requirement for a non-profit late file exemption was different than the requirement for individual late-file requests.

E. NEXT MEETING DATE

8. September 18, 2024

F. SUPPLEMENTAL MATERIALS

9. Strategic Communication Planning Ordinance and Manager's Report

These materials were discussed under Agenda Topic #6.

G. ADJOURNMENT

The meeting was adjourned at 8:20 pm.

To: CBJ Assembly Finance Committee
From: Kirk Duncan in collaboration with the Manager's Office
Cc: Eaglecrest Board of Directors
Date: September 18, 2024
Re: FY 25 Increased funding

During the development of the FY 25 budgeting process, Eaglecrest requested a loan of $518,000 to cover the cost of increased personnel services, as well as increases to insurance cost and full cost allocation. The concept of a loan versus an increase of general fund support to an operating department within CBJ was that the loan would be paid back the following year from revenues from the gondola project in FY 26.

The Eaglecrest Board of Directors was asked to comment on the concept of the loan and whether this increased funding would be needed in FY 26.

First, a very brief overview of the increases in expenses. More detail can be found by reading the attachment to this document. The primary increase in expenses was in personnel services. Eaglecrest increased funding to all positions by 6% and with realignment of several positions, increasing in steps to some positions, sign on bonuses, etc., the total in salaries increased 8.8%, related benefit costs went up 7.2%, overtime wages increased 17.8%, decreased transfers to CIP projects and increases in Worker's Comp brought the total personnel services increases to 12.9%.

The full cost allocation increased by 23% and ski area specialty insurance increased by 30.8%. Miscellaneous other operating costs increased by $17,500. It was also decided rather than to increase to the deficit in Eaglecrest Fund Balance, the loan would fund the FY 24 operating deficit estimated to be $108,500.

FY 25 Funding Increase Explanation				
	FY24 Budget	FY25 Budget	Increase	Variance %
Salaries (5110)	$ 1,518,200	$ 1,651,800	$ 133,600	8.8%
Benefits (5120)	$ 577,600	$ 619,300	$ 41,700	7.2%
Overtime Wages (5111)	$ 56,300	$ 66,300	$ 10,000	17.8%
Deferred Comp Employer Match (5121)	$ 8,700	$ 6,600	$ (2,100)	-24.1%
All Other Workforce (5141) - transfer to CIP projects	$ (127,300)	$ (61,900)	$ 65,400	-51.4%
Worker's Comp (5130)	$ 78,000	$ 100,800	$ 22,800	29.2%
Total Personnel Services	$ 2,111,500	$ 2,382,900	$ 271,400	12.9%
Full Cost Allocation	$ 361,500	$ 444,600	$ 83,100	23.0%
Specialty Insurance	$ 121,600	$ 159,100	$ 37,500	30.8%
Other Operating Expenses			$ 17,500	
Funding FY 24 Operating Deficit			$ 108,500	
Total Funding Increase			$ 518,000	

The investment in summer operations, especially the gondola, is an effort by Eaglecrest to reduce CBJ direct support.

In his May 1 memo to the AFC, Deputy Manager Barr laid out the conditions that would need to fall into place for the gondola to be operational in FY 26. As discussed in the 5/1 memo, it was unrealistic that those conditions would be met; they have not. The loan request was made based on the FY 26 assumption. Realistically, the gondola will be operational in FY 27 and therefore the revenue to repay the loan will not be available in FY 26. In addition, personnel services, full cost allocation and specialty insurance costs are all expected to continue to increase.

Once the gondola is operational there is no guarantee that it will become financially self-sustaining from day one of operations. Many businesses struggle to gain financial viability for the first few years of operation. While work remains to be done (see Long Range Planning below), if we wish to budget conservatively, Gondola operations will probably not be self-sustaining and will require General Fund support in FY 27/28 and potentially longer, especially if it turns out that additional top-side amenities are necessary to drive prices high enough to net a profit.

Due to the change the operating outlook for the gondola, the Eaglecrest Board of Directors requests that the Assembly increase the level of General Fund support to Eaglecrest until such time as the Eaglecrest Gondola Project creates sufficient fund balance to begin reducing the level of General Fund support. This would be in lieu of the loan.

Other Eaglecrest Topics

Management team status: A new general manager, Craig Cimmons has been hired along with a new director of mountain operations, Kellan Cousins as well as a new director of base operations, Chris Goedeker. Erin Lupro, who served as interim general manager remains the director of Snow Sports School, Rental, Repair and Repair while Justin Spurrier remains the director of snow safety. This new management team will have a very positive impact on the operation of the mountain.

Lift Status: Eaglecrest retained Frank Judge from Superior Tramway (the leading expert on Eaglecrest's Riblet Chairlifts) to inspect the lifts. His written documentation is forthcoming and his verbal report indicated that the lifts, while needing routine maintenance which is being accomplished, have additional service years before needing replacement. Professional prepping and painting the towers and machinery will extend the service life another ten + years. An estimate for the prep and painting work is being developed.

Snowmaking: Eaglecrest retained Scott Towsley owner of Towsley Welding and Construction of Big Bear Lake, California to examine the existing snow making system. Scott was contacted after consultation with SE Group, the leading ski area planning company in the country. Scott spent several days at the mountain inspecting the snowmaking system and going through relevant documentation. In his report he cites several safety concerns that need to be addressed before the coming season. Given the lack of qualified staff at this time, these updates will be a challenge to accomplish, however it is hoped the system will be ready for the upcoming season.

Personnel Services Budget:
In the FY 2025 budget, the Eaglecrest pay grid was increased across the board by 6%. Earlier this year, the Eaglecrest Board reviewed the Sierra Research Associates, LLC Comparative Wages and Salary Analysis of US ski areas. Eaglecrest was found to be compensating its employees about 82% of what ski area employees were being paid down south. The same report notes Juneau's cost of living is 1.279 times the national average. We don't know how Juneau compares, on a cost-of-living basis, to other ski towns. As noted earlier, the 6% wage adjustment cost the ski area $112,100 The overall increase to all personnel services was $271,500. It appears that in order to pay Eaglecrest employees a competitive Juneau wage, the cost to the ski area will be in the vicinity of $600,000. Much more work needs to be done to refine that number and that will be done as part of the FY 2026 budgeting process.

Eaglecrest Foundation: Each year, the Eaglecrest Foundation receives approximately $100,000 from the Juneau Community Foundation's Eaglecrest Operating Endowment Fund. For the past few years, this amount has been included in the Eaglecrest operating budget which does not align with the Eaglecrest Board or Foundation's intent for the money. The original intent was to build up funds for a special project or other needs as determined by both the Eaglecrest Board of Directors and the Board of Directors for the Eaglecrest Foundation. Separately, an agreement exists between the Manager's Office and the Foundation with regard to increased risk associated with the J-1 work program. The current agreement is that in the event of an incident, the Foundation will cover the first $200k of costs prior to CBJ self-insurance kicking in. It's unclear whether the Foundation will continue covering this risk going forward.

Long Range Planning for Eaglecrest:
The Assembly asked the Manager's office to develop a financial model for Eaglecrest which would include the long-term infrastructure needs as well as growth in revenues, expenses and the financial contribution of the gondola project. The Manager's Office has asked me to complete this work based on my experience as Eaglecrest General Manager, CBJ Public Works Director and CBJ Parks and Recreation Director. It is expected that the information will be available for the FY 2026 budget process.

Hooter Summer Operations:
Earlier this year, Eaglecrest and Goldbelt had discussed operating Hooter in the summer of 2025. Further analysis of the Hooter Summer Operations concept has brought to light significant conflicts with Gondola construction which make for a negative guest experience and staff have determined it is not feasible.

Gondola status:
The gondola is an exciting business opportunity for Eaglecrest. While the gondola has great potential, no market research has been performed in regard to a pricing model as well as cruise ship passenger demand. The yet to be signed franchise agreement discusses $85 per visit to be paid to Eaglecrest. The next step is to finalize the franchise agreement. Once the franchise agreement is completed, we will report back to the Assembly.

City and Borough of Juneau
City & Borough Manager's Office
155 Heritage Way
Juneau, Alaska 99801
Telephone: 586-5240| Facsimile: 586-5385

TO: Chair Woll and Assembly Finance Committee

DATE: September 11, 2024

FROM: Katie Koester, City Manager

RE: Funding for proposed glacial lake outburst flood mitigation strategies

At the September 9, 2024 Committee of the Whole the body moved to introduce two ordinances:

1) To fund the local match for General Investigation Study with USACE ($3M)
2) To increase the "Outburst Flooding Improvements and Agency Coordination" CIP by $100,000 to fund expanded inundation maps and hydrological modeling of the Mendenhall River

There was discussion on how to fund these near-term priorities, including de-appropriating line items that had been considered at the September 4, 2024 AFC as part of funding needs for Bartlett Regional Hospital. A list of those options is below.

Manager's Office Potential One-Time Funding Sources

Source		Amount
FY25 Forecasted CBJ GF Fund Balance		$5,452,129[i]
• *FY25 Forecasted ending GF Balance through budget cycle*	*$6,302,129*	
• *Emergency Resolution not replaced by RBR[ii]*	*$150,000*	
• *BRH Home Health and Hospice (pending adoption)*	*$200,000*	
• *BRH Rainforest Recovery (pending adoption)*	*$500,000*	
FY24 Savings not included in budget forecast		$2,190,000
• *Assembly Grant - Child Care*	*$190,000*	
• *Anticipated additional personnel savings above $4M*	*$2,000,000*	
Other Potential Funding		
Coogan Alaska LLC AHF Loan		$900,000[iii]
Capital Improvement Projects		
• UAS Fisheries Land Terminal Purchase	$2,000,000[iv]	
The Assembly could re-appropriate funds from any number of capital projects; City Hall, Capital Civic Center, etc., if the original funding source is general fund.		

[i] This includes $2.8M of revenue from the 1% sales tax that historically has been appropriated to voter approved projects on the 1% list.

[ii] At the 9/4/24 AFC a motion was made and adopted to replace the amount of the emergency appropriation that we expected to be reimbursed for from the State ($505,000) from the restricted budget reserve.

[iii] In the FY24 Affordable Housing Fund (AHF) round, the program received more applications than available funding. The Assembly appropriated $1.6M from the GF fund balance to the AHF to be able to meet demand and award two loans. Coogan Alaska LLC has not yet taken the loan and has asked to revisit essential terms and conditions. Staff encouraged Coogan LLC to apply for the current round of AHF with the new terms.

[iv] This was a general fund transfer to Docks and Harbors to purchase 2.8 acres from the University of Alaksa Southeast for the Juneau Fisheries Terminal in 2021. UAS is not interested in sale of the property, Docks and Harbors has re-entered into a lease with UAS for its use.

Recommendation:
Discuss funding sources to back fill desired general fund appropriations for Ordinances 2024-01(b)(N) and 2024-01(b)(M). Recommend introduction of corresponding appropriation/deappropriation ordinances.

Presented by: The Manager
Introduced: September 16, 2024
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2024-01(b)(M)

An Ordinance Appropriating $3,000,000 to the Manager as Local Matching Funds for a United States Army Corps of Engineers Glacier Outburst Flooding General Investigation Study; Funding Provided by General Funds.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriation. There is appropriated to the Manager the sum of $3,000,000 for a general investigation study of outburst flooding with the United States Army Corps of Engineers.

Section 3. Source of Funds

General Funds	$	3,000,000

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this _____ day of _____, 2024.

_____
Beth A. Weldon, Mayor

Attest:

_____
Elizabeth J. McEwen, Municipal Clerk

Ordinance 2024-01(b)(M)
Manager's Report

An Ordinance Appropriating $3,000,000 to the Manager as Local Matching Funds for a United States Army Corps of Engineers Glacier Outburst Flooding General Investigation Study; Funding Provided by General Funds.

This ordinance would appropriate $3,000,000 as local matching funds for a United States Army Corps of Engineers (USACE) glacier outburst flooding investigation study. In August 2024, the Mendenhall Vally was flooded by a glacier outburst flood caused by Suicide Basin. The 2024 flood levels exceeded previous flooding events, damaging over 300 residences in the area. This funding would contribute toward a study with the USACE to determine flood mitigation solutions when the Suicide Basin ice dam releases water in the future.

The Committee of the Whole reviewed this request at the September 9, 2024 meeting.

Presented by: The Manager
Introduced: September 16, 2024
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2024-01(b)(N)

An Ordinance Appropriating $100,000 to the Manager for Expanded Inundation Maps and Hydrological Modeling of the Mendenhall River; Funding Provided by General Funds.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriation. There is appropriated to the Manager the sum of $100,000 for expanded inundation maps and hydrological modeling of the Mendenhall River.

Section 3. Source of Funds

General Funds	$	100,000

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this _____ day of _____, 2024.

_____
Beth A. Weldon, Mayor

Attest:

_____
Elizabeth J. McEwen, Municipal Clerk

Ordinance 2024-01(b)(N)
Manager's Report

An Ordinance Appropriating $100,000 to the Manager for Expanded Inundation Maps and Hydrological Modeling of the Mendenhall River; Funding Provided by General Funds.

This ordinance would appropriate $100,000 of general funds for expanded inundation maps and hydrological modeling of the Mendenhall River. In August 2024, the Mendenhall Vally was flooded by a glacier outburst flood caused by Suicide Basin. The 2024 flood levels exceeded previous flooding events, damaging over 300 residences in the area. This funding would contribute toward detailed mapping and hydrological modeling of the Mendenhall River to determine potential flood impacts in the future, with data collected to be used for mitigation solutions.

The Committee of the Whole reviewed this request at the September 9, 2024 meeting.

Presented by: The Manager
Introduced: 10/08/2012
Drafted by: J.W. Hartle

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2629

A Resolution Establishing Guidelines for the Amount, Use, and Replenishment of the City and Borough Budget Reserve.

WHEREAS, in 1990, a Mayor's Fiscal Task Force was created to establish a framework for City and Borough management of any significant loss in State revenue; and

WHEREAS, the Mayor's Task Force determined that a budget reserve is appropriate and necessary to ensure adequate resources in the event of an emergency or significant unanticipated reduction in revenues; and

WHEREAS, the 1990 task force recommended that a budget reserve of at least $10 million be maintained; and

WHEREAS, in 2011, a Mayor's Task Force was created to make recommendation on the following three issues:

- Whether the budget reserve should be maintained;
- At what amount the reserve should be maintained; and
- Under what circumstances should the reserve be accessed.

WHEREAS, the 2011 Task Force held public meetings on this issue and reported to the Assembly with a draft resolution and transmittal letter; and

WHEREAS, the Assembly has reviewed the work of the Task Force and reached the following conclusions.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. It is the intent of the Assembly that the amount of the CBJ budget reserve be adjusted on an annual basis based on general governmental revenues from the most recently-audited annual financial statements, using the Government Finance

Officers Association's recommended reserve target of not less than two months (16.7%) of annual operating revenues.

Section 2. It is further the intent of the Assembly that use of the budget reserve be limited to the following circumstances:

- To provide for temporary funding of unforeseen needs of an emergency or nonrecurring nature; or
- To permit orderly budget reductions and/or tax adjustments, for a period not to exceed two fiscal years, when funding sources are lost or substantially reduced.

Section 3. It is further the intent of the Assembly that approval by the Assembly shall be required prior to any use of the reserve.

Section 4. It is further the intent of the Assembly that, in the event the budget reserve falls below the target as determined under Section 1, a plan for replenishment be developed by the City Manager and presented to the Assembly that allows for orderly budget reductions and/or tax adjustments.

Section 5. It is further the intent of the Assembly that reserve replenishment take priority over tax reductions, and accordingly that the Assembly not reduce the mill rate or other tax rates when reserves are below target.

Section 6. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 8th day of October, 2012.

Bruce Botelho, Mayor

Attest:

Laurie J. Sica, Clerk

Presented by: The Manager
Introduced: TBD
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2024-01(b)(C)

An Ordinance Appropriating $500,000 to the Manager for Bartlett Regional Hospital's Rainforest Recovery Center; Funding Provided by General Funds.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriation. There is appropriated to the Manager the sum of $500,000 for Rainforest Recovery Center at Bartlett Regional Hospital.

Section 3. Source of Funds

General Funds	$ 500,000

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this _____ day of _____, 2024.

_____
Beth A. Weldon, Mayor

Attest:

_____
Elizabeth J. McEwen, Municipal Clerk

Ordinance 2024-01(b)(C)
Manager's Report

An Ordinance Appropriating $500,000 to the Manager for Bartlett Regional Hospital's Rainforest Recovery Center; Funding Provided by General Funds.

This ordinance would appropriate $500,000 of general funds for the Rainforest Recovery Center (RRC) at Bartlett Regional Hospital (BRH). This one-time funding will contribute toward RRC's operational deficit in the current fiscal year and ensure BRH can continue providing these services through June 30, 2025. BRH is actively working to transition services historically provided by RRC to Gastineau Human Services effective in FY26.

The Bartlett Regional Hospital Board of Directors reviewed this request at the June 25, 2024 and July 23, 2024 meetings. The Committee of the Whole reviewed this request at the July 15, 2024 meeting. The Assembly Finance Committee reviewed this request at the September 4, 2024 meeting.

irk Duncan

om: Adrien Wendel
ent: Monday, August 12, 2024 6:11 PM
To: Kirk Duncan
Subject: RE: September 18th Finance Committee meeting materials
Attachments: RE: Rental Retail Repair Supervisor; Eaglecrest FY24 to FY25 Personnel Service Comparison.xlsx

Categories: Red Category

Hi Kirk,

Sorry for the lengthy email, but I wanted to address all your questions thoroughly.

- The increase in general fund support to Eaglecrest in the FY25 budget of $518,800 is a *loan*. The Assembly would need to take specific action to reverse this decision from a loan to an increased general fund subsidy.
- I attached an email that provides additional detail about the year-round rental shop manager and community outreach support specialist positions. If my recollection serves, Dave eliminated the assistant rental shop manager position to turn the rental shop manager into full time, and he eliminated the youth community outreach coordinator position to turn the community outreach support specialist position into full time. Both of those changes were made in the FY24 budget, so wouldn't be included as part of the FY24 to FY25 personnel service increase amount. But, I could be wrong, because it looks like the assistant ski shop supervisor position is listed again in the FY25 staffing schedule.
- Regarding the FY24 to FY25 PS increase:
    - If you compare the FY24 and FY25 adopted "total wages and benefits" columns (which are informed directly from the staffing schedules) on the "Staffing Overview" tabs of the budget workbook, FY24 lists $2,078,800 and FY25 lists $2,251,100. This is only an 8.3% increase in actual wages and benefits costs, of which 6% is the approved pay scale increase. The remaining 2.3% is a result of benefit increases (this has a bigger impact the more year-round staff Eaglecrest employs), range classification changes, hiring employees in at higher steps, etc.

Department: Eaglecrest

Division:

FY2024 Department Staffing Overview
Eaglecrest

	Personnel												
	Total FTEs	Total Wages (5110-0000)	H&W (5120-0000)	Other Benefits (5120-0000)	Total Wages & Benefits	Vacancy Factor	Vacancy Amount (5100-000)	Overtime - Wages (5111-0000)	Overtime - Benefits (5120-0000)	Shift Differential/ Standby Pay - Wages (5110-0000)	Shift Differential/ Standby Pay - Benefits (5120-0000)	Worker's Comp (5130-0000)	Engineering Workforce (5140-0000)
Eaglecrest													
Administration	5.00	387,200	107,100	116,200	610,500	0.0%	-	-	-	-	-	78,000	-
Ski Patrol	5.03	205,700	8,600	21,900	236,200	0.0%	-	10,000	3,000	-	-	-	-
Lift Operations	3.85	106,100	-	9,200	115,300	0.0%	-	6,000	1,800	-	-	-	-
Mountain Maintenance	6.34	291,600	64,300	61,400	417,300	0.0%	-	20,000	6,000	-	-	-	-
Base Operations	2.60	99,200	21,400	18,100	138,700	0.0%	-	5,600	1,700	-	-	-	-
Snow Sports School	6.22	231,900	21,400	31,200	284,500	0.0%	-	6,000	1,800	-	-	-	-
Food Service	1.06	42,700	-	3,700	46,400	0.0%	-	3,500	1,100	-	-	-	-
Ski Rental Shop	2.54	87,000	21,400	16,600	125,000	0.0%	-	2,200	700	-	-	-	-
Marketing	1.35	66,800	21,400	16,700	104,900	0.0%	-	3,000	900	-	-	-	-
Dimond Park Field House	-	-	-	-	-	0.0%	-	-	-	-	-	-	-
Total Eaglecrest	***33.99***	***1,518,200***	***265,600***	***295,000***	***2,078,800***		-	***56,300***	***17,000***	-	-	***78,000***	-

Department: Eaglecrest

Division:

FY2025 Department Staffing Overview
Eaglecrest

	Personnel												
	Total FTEs	Total Wages (5110-0000)	H&W (5120-0000)	Other Benefits (5120-0000)	Total Wages & Benefits	Vacancy Factor	Vacancy Amount (5100-000)	Overtime - Wages (5111-0000)	Overtime - Benefits (5120-0000)	Shift Differential/ Standby Pay - Wages (5110-0000)	Shift Differential/ Standby Pay - Benefits (5120-0000)	Worker's Comp (5130-0000)	Engineering Workforce (5140-0000)
Eaglecrest													
Administration	5.00	433,900	110,400	130,200	674,500	0.0%	-	-	-	-	-	100,800	-
Ski Patrol	5.13	227,900	8,800	24,100	260,800	0.0%	-	20,000	6,000	-	-	-	-
Lift Operations	3.51	100,400	-	8,700	109,100	0.0%	-	6,000	1,800	-	-	-	-
Mountain Maintenance	5.94	304,600	66,200	66,700	437,500	0.0%	-	20,000	6,000	-	-	-	-
Base Operations	2.74	106,800	22,100	19,400	148,300	0.0%	-	5,600	1,700	-	-	-	-
Snow Sports School	5.83	233,200	22,100	32,100	287,400	0.0%	-	6,000	1,800	-	-	-	-
Food Service	1.06	38,600	-	3,300	41,900	0.0%	-	3,500	1,100	-	-	-	-
Ski Rental Shop	3.43	133,700	22,100	22,800	178,600	0.0%	-	2,200	700	-	-	-	-
Marketing	1.35	72,700	22,100	18,200	113,000	0.0%	-	3,000	900	-	-	-	-
Dimond Park Field House	-	-	-	-	-	0.0%	-	-	-	-	-	-	-
Total Eaglecrest	***33.99***	***1,651,800***	***273,800***	***325,500***	***2,251,100***		-	***66,300***	***20,000***	-	-	***100,800***	-

- The other changes are as follows:
  - Overtime wages and benefits: increase of $10,000 from FY24 to FY25, or 17.7%.
  - Worker's comp: increase of $22,800 from FY24 to FY25, or 29.2%.

- Reduction to operating budget for CIP hours: increase to operating budget of $65,400 from FY24 to FY25, or 51.4%.

- I put together the attached comparison for you that compares FY24 to FY25 budgeted salaries/wages by class title. There were significant increases to the Base Operations Director position wages ($24K increase, or 24%), large increases to budgeted ski patrollers, a $17K increase to the assistant ski shop supervisor position (which wasn't budgeted in FY24, per my note above), and generally large increases throughout the Ski Rental Shop (partially due to turning one of the positions into year-round). This analysis is just for informative purposes, and to help you understand which positions were your greatest cost drivers between FY24 and FY25.

- On your spreadsheet, one thing I noticed is that your percentage calculations in column G appear to be referencing the incorrect cells for WC and Salaries/Benefits:

$	2,033,500	FY 24 Budget	FY 25 Budget	Increase	% Increase
Personnel Services		$ 2,111,500	$ 2,382,900	$ 271,400	12.85%
Increase in Workers Compensation Insurance		$ 78,000	$ 100,000	$ 22,000	=+F7/D6
Increase in Salaries and Benefits		$ 2,033,500	$ 2,282,900	$ 249,400	11.81%

- I think it would also be helpful to also include a column in the presentation for FY24 actuals. This will help give the Assembly an idea of whether Eaglecrest's budget is on par with their operations, or whether major adjustments need to be made.

I held off for now in doing a thorough review of the numbers. Do you want to incorporate FY24 actuals, then send me a final version to review and ensure everything aligns with records on my end? I make have a few formatting suggestions at that time to align the presentation in a way the Assembly and public are used to seeing.

Thanks,

Adrien Wendel
Budget Manager, City and Borough of Juneau
(907) 586-5215 ext. 4058

From: Kirk Duncan <Kirk.Duncan@skieaglecrest.com>
Sent: Thursday, August 8, 2024 6:48 AM
To: Adrien Wendel <Adrien.Wendel@juneau.gov>
Subject: September 18th Finance Committee meeting materials

Good morning Adrein

Eaglecrest FY24 to FY25 Personnel Service Comparison

	FY24 Budget	FY25 Budget	Variance %
Salaries (5110)	1,518,200	1,651,800	8.8%
Benefits (5120)	577,600	619,300	7.2%
Overtime Wages (5111)	56,300	66,300	17.8%
Deferred Comp Employer Match (5121)	8,700	6,600	-24.1%
All Other Workforce (5141)	(127,300)	(61,900)	-51.4%
Worker's Comp (5130)	78,000	100,800	29.2%
	2,111,500	2,382,900	12.9%