ASSEMBLY STANDING COMMITTEE
COMMITTEE OF THE WHOLE

April 29, 2019, 6:00 PM.
Assembly Chambers - Municipal Building

MINUTES

I. ROLL CALL

Mayor Weldon called the meeting to order at 6:01p.m.

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

Assemblymembers absent: None.

Staff present: City Manager Rorie Watt, City Attorney Rob Palmer, Deputy Manager Mila Cosgrove, Municipal Clerk Beth McEwen, Fire Chief Rich Etheridge, Library Director Robert Barr, Engineering/Public Works Director Mike Vigue, Community Development Director Jill Maclean, Finance Director Bob Bartholomew, Incoming Finance Director Jeff Rogers, Lands Manager Greg Chaney, Deputy Lands Manager Dan Bleidorn, Chief Housing Officer Scott Ciambor, Housing and Homelessness Coordinator Irene Gallion, BRH Hospital Administrator Chuck Bill, and BRH Chief Behavioral Officer Bradley Grigg

II. APPROVAL OF AGENDA

Mr. Watt added an new item "F" to provide a report on state legislative matters.

III. APPROVAL OF MINUTES

A. February 4, 2019 Assembly Committee of the Whole

MOTION by Ms. Becker to approve the minutes with corrections. *Hearing no objections, the minutes of the Feb. 4, 2019 COW meeting were approved with corrections.*

IV. AGENDA TOPICS

A. Business Case for new City Hall

Packet items include:

- Executive Summary
- NorthWind Analysis
- Powerpoint Presentation

Mr. Watt provided a white paper in the packet and gave an overview of the business case for a new City Hall. Northwind Architects, LLC was hired to provide a study on the concept of a new City Hall. There are three options listed in the white paper and although there are lots of questions about the future state funding landscape, it is still a good idea to look at this project/concept.

Mr. Watt commented that this is a good idea, whether it was a good idea last year, this year or next, it is still a good idea. He did not expect the Assembly to make a decision at this meeting. If the Assembly does choose to move forward with this idea, there would be a substantial amount of resources that would be put into it and it would compete with other city projects for funding.

After the Assembly has digested the information and decides to move forward with this idea, the next steps would entail a robust public process. At this point, it has advanced as far as it can receiving feed back from the Assembly and public. His recommendation for this meeting is for members to ask as many questions as they have tonight and staff would then begin to engage the public in a series of meetings with community groups to seek comment and feedback.

Mr. Bryson asked about the operating efficiencies and currently how often does a staff member in one building have to visit those in other buildings. Mr. Watt responded that it happens all the time and that said, not enough. He said we need to get out of our buildings, stop communicating by email and start meeting face to face. Mr. Bryson asked about any potential position eliminated due to the efficiencies of departments being in cross proximity to each other. Mr. Watt said that is not anticipated anytime soon. They may be able to share resources better and sharing of conference rooms, equipment and other pieces may provide efficiencies over time.

Ms. Triem asked about the relationship between CBJ and its various landlords that the city currently rents from. Mr. Watt said we have good relationships with landlords. He said if they were to look at the use of CBJ offices in the Marine View building and were planning for the placement of City Hall today, it would not make sense to locate them in that building due to the prime location directly across from the cruise ship docks that are such a large economic force in our community. He said,with the current location of City Hall, between the economic and civic cultural waterfront center and the Alaska Heritage Center, Seward Street makes for a very interesting economic corridor and people may be interested in purchasing this current building.

Assemblymembers asked a number of other questions of Mr. Watt about the economic projections in the packet. Mr. Watt responded that when you are in a business in which the business model is to be in business forever (i.e. government serving the public), it makes sense to own your own building. Concerns were raised regarding the upkeep of the new building. Mr. Watt explained that the business model takes into account the maintenance and upkeep of whatever buildings we occupy.

Mr. Jones expressed his concern regarding the timing of this and if it is something they wanted to put before the public at this upcoming October 2019 election, the public meeting/outreach would need to be greatly accelerated but if this is something they would be looking at for an October 2020 election, this proposed timeline would work.

Mr. Watt said he would like to be sensitive to the public feeling like this may be pushed too hard and too fast and said that while he knows how this looks to staff, he doesn't know how this looks to the Assembly. If the Assembly reads this and says green light, two thumbs up and we should advance this and move it along expeditiously or if the Assembly is going to look at this and say there are a lot of goals and this should be looked at within that context.

Mr. Edwardson said he is two thumbs up. He said the simple reason is that if they look at this 10-20 years from now, the need and cost will not be any less. He doesn't think the financial forecasts will be any more accurate then than they are now so this is a good time to start looking at this even if none of the current Assembly is around long enough to have a meeting in there.

Ms. Gladziszewski said she had hoped to have a more financial cost benefit to this but she agrees with the City Manager that CBJ will be in business 50 years from now and should be in a location owned by the municipality. Ms. Gladziszewski said this model went directly to two floors above the parking garage but there may be other alternatives and while she thinks it would be good to have the new City Hall downtown it would very expensive to build above the parking garage. She explained the reason that parking garage would be able to built upon was due to the previous proposal of a new Capitol Building in that location which has been in the plan for at least the past 50 years. She said that will likely never happen in her lifetime but that was the purpose of that hill for decades. She asked if there were other sites downtown that might be cheaper and/or other sites in the community since that question will come up right away during the public conversation on this.

Mr. Watt said that he does think the public will suggest other ideas and they will want to feel that CBJ takes those other ideas seriously. The most common site proposed is the former Wal-Mart building. However it is four times larger than we need, it was built as a box store and it couldn't easily be renovated to office space, it has high ceilings with challenging acoustics for an office environment. He said people need to have a chance to understand and appreciate the thinking behind why that isn't a viable option. He said there will likely be other ideas out of the downtown core and the Assembly would need to take those ideas seriously. CBJ is a big employer and a big creator of activity and maintaining a downtown vibrancy in patronage of the businesses downtown is also important. Whenever the other options are proposed, we are a public institution and are public process driven so if someone has an idea, we should take those ideas into account and look at those pros and cons. For that reason, he would be concerned that they may be appearing to be going too fast on this. That said, if the Assembly put this on the ballot this year, bond counsel would need to draft a ballot ordinance and it would come before the Assembly in July. This is the end of April and 2-3 months of public involvement may or may not be sufficient.

Mr. Jones echoed Ms. Gladziszewski's concerns regarding the location. The manager spoke about challenges to customers and accessibility to the public and he doesn't see those needs being met by trekking up to City Hall on the top of the parking garage. He spoke about accessibility issues and how it might be restructured. He also shared his concerns and questions that the public is likely to want to weigh in on. He also talked about the timing of when this would or would not go onto the ballot.

Mr. Watt said they kept their current efforts focused on the Assembly's goal of looking at the "Business Case" for a new City Hall. They did not do an architectural design review with the layout of offices or spend a lot of time on access and circulation or look at those design elements in depth. He said they have been economical in the funding for this study and they could engage the architectural team to help detail some of those issues more over the next couple of months. If the Assembly didn't object to advancing the architectural piece, that is a step they would be able to take.

Additional discussion took place regarding details as found in the packet, the number of apartments that would be freed up in the Marine View Building, the parking needs and locations as well as potential alternative locations/ideas that have been discussed. Ms. Hale brought up the bus and transit system and how park and ride services may reduce the need for parking downtown. Mr. Watt explained that they plan on giving an updated report regarding the Valley Transit project at the May 20 COW.

Members were very much in favor of having public discussions about this. The members had a wide variety of opinions on whether this needed to be located in the downtown area and a number of members also expressed a desire to have a non-downtown option on the table for discussion. Mr. Edwardson and Ms. Gladziszewski agreed that a valley location needed to be on the table and that this topic will need to be discussed in much further detail before going to the voters. Ms. Gladziszewski said she did not feel it would be ready to put anything on the ballot for this fall's election.

The COW unanimously agreed to direct the City Manager to go forth and seek additional public input on this proposal and for him to bring that back to the committee for additional review.

B. Senior Housing Land Purchase

Chief Housing Officer Scott Ciambor gave a presentation regarding a potential Senior Housing Land Purchase. Mr. Ciambor addressed both the Senior Housing Land Purchase and the Senior Housing Tax Abatement concepts.

This has been an ongoing discussion for many years. In accordance with the Housing Action Plan, the proposal for Senior Housing Land Purchase was discussed at the Lands Committee. There have been a number of agencies and individuals pushing this project up the hill for a decade or longer. Mr. Ciambor, in his slide show, identified Lots 31 through 38 in the Vintage II Subdivision as the land being considered for purchase. Through this process so far, it has identified two key points for

Assembly consideration: 1) Whether the Assembly would approve the purchase of the land, and 2) The feasibility to undergo a competitive process for use of the property by a senior housing provider.

Mr. Ciambor pointed out that in discussions with Torrey Pines/Bayshire Senior Living, they are willing to relinquish their option for this land which is currently under a Purchase and Sales Agreement with Bauer Estates.

Committee members had questions for Mr. Ciambor and Mr. Watt regarding the timing of this project and if it would be in jeopardy if it were referred to the Assembly Finance Committee and placed on the pending items list. Mr. Watt explained that it would be best for the Assembly to consider this alongside all other financial needs/requests as it undergoes the budget review process. He also explained that anything the Assembly ultimately decides on this would be done by way of an appropriating ordinance which would take at lease two Assembly meetings before adopted. He noted that the final number on the appraisal is expected sometime in mid-May.

Hearing no objection, this request was moved to the Assembly Finance Committee pending items list.

C. Senior Housing Tax Abatement

Mr. Ciambor provided information about the tax abatement options which might apply to senior housing, downtown housing, and workforce housing and he noted that a table was provided in the packet. In 2017, the State of Alaska passed SB100 which allowed municipalities to implement tax abatement locally. At a COW meeting in August 2018, this topic was discussed and staff was tasked with bringing back additional information and potential proposals. Mr. Ciambor also pointed out that Anchorage implemented its own tax incentives for housing in its downtown area.

The table provided in the packet gives a comparison of Anchorage's downtown housing tax abatement program alongside three concepts for Juneau: 1) Downtown Housing, 2) Senior Housing, and 3) Workforce Housing. Mr. Watt had instructed Mr. Ciambor to make all the comparables different so the Assembly got an idea that these are entirely conceptual and can be mixed and matched using different scenarios to fit what the Assembly may be interested in doing.

Mr. Ciambor said the next step was for the Assembly to look at making key decisions regarding potential tax abatement. 1) Did they wish to provide tax abatement to address the needs identified in the Housing Action Plan? 2) If so, what sort of housing is eligible for a tax abatement incentive?

Anchorage put into place any new residential units with a minimum of 4, in the downtown housing district, is eligible for tax abatement. He said one of the key concerns the Municipality of Anchorage has is the public is asking for more housing downtown and has been asking for a long time. The private market has suggested there is a feasibility gap. The other piece comes into negotiations with grocery chains and Walgreens and Rite Aide types of proprietors who have been unwilling to locate their businesses in the downtown core unless there was more year-round downtown housing.

Committee members discussed the ins and outs of the different scenarios. They asked staff a variety of questions and Mr. Edwardson pointed out that in order to meet the legal definition in this law to meet the designation of an "Economic Development Property" it needed to create more jobs and bring more people in, not just have a new place for people who are currently here. They discussed the idea of property tax abatement in detail and asked a wide range of questions. Some of the members expressed preferences to look at just the senior housing purchase and tax abatement for senior housing while others expressed a desire to keep the two separate and do the minimum amount the city would have to fund while still making it an incentive for developers to bring new housing to Juneau.

Mr. Ciambor explained the feasibility gap and how that translated with the senior housing projects previously proposed for senior housing. Mr. Watt answered questions to address some of the concerns expressed by Assemblymembers about the overall process. Mr. Watt said they are trying to figure out what the minimum amount needed to be done by CBJ while still providing an incentive that would entice a developer to take on a project needed by the community. He said that the key elements relate to how patient we are in relation to the incentives. The more urgent the need, the more incentives will be needed to accomplish the process. He said this can be a tricky process, he thinks it is worthy but he also expects a lot of scrutiny which is as it should be.

Mr. Edwardson spoke in favor of the senior project but said that the tax incentives under SB100 are for economic development properties and to call it economic development properties is not quite accurate.

Mr. Palmer said with respect to Mr. Edwardson's question relating to the SB100 definition, regarding economic development property, it may be a stretch to call Senior Housing an economic development exemption but this may be something that could fit around the edges.

Members went into a deeper discussion on the senior housing portion of the tax abatement question. Ms. Hale expressed a hope to see the Assembly focus on that project at this time with the next steps being 1) purchase land, 2) provide the tax abatement program, and 3) go through with the competitive process for the senior housing abatement process. Mr. Ciambor explained that would be a similar process to the one they use for the Affordable Housing Fund. Ms. Hughes-Skandijs said she appreciated the information and the worksheet and she is especially interested in looking at the "affordability" option.

After further discussion, Mr. Watt suggested that maybe the balancing on this might be done with a one time tax subsidy now rather than a tax abatement into the future. He encouraged them to really scrutinize this action as the consequences will come home over the years.

In answer to questions from the Assembly, Mr. Ciambor explained the language of the Housing Action Plan which includes tax abatement language and language specific to senior housing. Members discussed the changing demographics of Juneau's population shifting to a senior population and the myriad of ripples that causes in our Juneau economy. They talked about the Tier I retirees and other seniors who are leaving Juneau and are taking their hard earned retirements with them as they look for senior housing and this is a significant economic impact on the community.

Ms. Gladziszewski said she would like to see the Assembly focus on the senior tax assessment.

Mayor Weldon asked questions about the Trillium Landing project and how many of those were low income. Mr. Ciambor explained that the Trillium Landing project is an independent housing project with some considered "affordable housing" units while others are non-assisted units.

Mayor Weldon also asked if the CBJ could purchase the land but with an agreement in the terms of sale that the assisted living facility buy the land back from the city at some future date so it could be a long range economic development factor. Mr. Ciambor stated that was possible to include language to that effect in the purchase and sale agreement. He said the two previous developers were interested in a long term purchase and hold as opposed to a long term lease like the Housing First model.

Mayor Weldon said that she is getting the sense that the members are in favor of exploring this further and to focus primarily upon the senior housing/assisted living piece.

<u>MOTION</u> by Mr. Bryson for staff to continue developing all three concepts with an emphasis on the senior housing concept getting the highest priority for the future discussion.

Mayor Weldon asked if that is something staff can do in a timely manner. Mr. Watt said they will report back to the COW on May 20. He said he was just given a copy of the language from the Juneau Economic Plan which highlights one of their goals is to build the senior economy. He said he would like to not commit to how much of a work product they will have at the May COW. He said they will move forward with the understanding that the Assembly's priority is with the senior issue.

Mayor Weldon shout out to SCSSI (Senior Citizens Support Services, Inc.) and their continued efforts to push the rock up the hill.

D. Sleep Off Update

Ms. Cosgrove provided an update from the last discussion at the COW. She noted that there have been a number of converging factors that convinced the manager's office to consider transferring these services from Bartlett Regional Hospital (BRH) to Capital City Fire Rescue (CCFR). Those factors include:

- BRH not wishing to continue to have a non-medical use on its campus;
- BRH has another medical use for those same facilities; and
- A large volume of the CCFR response is responding to health related calls as opposed to fire related calls.

Ms. Cosgrove's memo addressed the hours of operation as well as the budget details and the conversion of sleep off clients to RRC (Rainforest Recovery Center) clients. She noted that the budget is in transition and they will and do manage whatever funds are given to the program in an efficient manner. They are proposing the Assembly transfer $800,000 of the $900,000 currently budgeted for the BRH service. Those costs would likely go down in the second year but they want to make sure their staffing levels are sufficient. CCFR has experienced a shortage in ambulance collected revenues. She noted the funding sources are liquor and tobacco taxes and some of the members had asked for more budget number details. She noted that this doesn't give them a blue sky budget but rather a conservative budget.

Mayor Weldon asked for someone to provide a comparison on what the current climate is today vs. when she was employed with CCFR.

BRH Chief Behavioral Officer Bradley Grigg answered members' questions. He said they continue to receive a good number of calls with the primary calls for pick-up coming in after last bus has done its route and their highest number of calls are for individuals who end up being transported to Housing First. He reported that overall usage of the sleep off center is at approximately 20% which equals out to approximately one patron a day.

COW members discussed their concerns about the Housing First - taxi 911 model and Mr. Bryson asked about taking people to Housing First vs. sleep off and if there was a better way to transport those individuals to Housing First without having to use the CCFR or RRC staff. They discussed the need for medical evaluation that goes with responses.

Chief Etheridge and Mr. Watt talked about the need for medical review of the individuals who are being picked up. It is unknown what the addictions of the future will require but the need for medical evaluation is still an important piece of this process. Chief Etheridge also explained the CARES program and how that would be implemented. He said the CARES program assessments are under the direction of Dr. Quiggly Peterson.

Mr. Bryson expressed his concerns regarding the need for a larger discussion to address a wide variety of needs of the homeless community on so many different levels and that the money being used for just 285 in this program could be put to use for a greater segment of the population.

Additional discussion took place and when asked by Mayor Weldon what the next steps should be, Ms. Cosgrove said staff needs direction from the Assembly on which way to continue to move on this issue.

<u>MOTION</u> by Ms. Hale that the Deputy City Manager bring the move of the sleep off program from BRH to CCFR back to the Assembly for consideration during the budget process for the

future discussion.

Ms. Weldon asked for clarification on the requested amount and whether they are asking for $800,000 or for $702,800. Ms. Cosgrove clarified that the request is for $800,000.

E. Child Care Committee's Report

Mayor Weldon noted that this matter is on the agenda for introduction purposes only so the members have a chance to review the materials. She asked Mr. Jones if he cared to speak to the matter. Mr. Jones said he would stick with the transmittal memo that sums up the 5 actions the committee came together with. The report does contain some dollar numbers and some of those are already in the Assembly Finance Committee pending items and increment lists. The Child Care Committee came up with a plan with some proposed action steps and if the Assembly moves forward on those, they can move the bar forward on this.

Ms. Hale asked what were the next steps and if this would be coming back to the COW.

Mayor Weldon said that it is coming back to COW. She asked Mr. Jones about the piece that he mentioned that was already in the budget and if that was the HEARTS AEYC piece.

Mr. Jones said they added the $60,000 to the current pending item list for the Manager to help develop the policy. The request to double the amount for the HEARTS funding from the previous year is on the increment list. They moved the $300,000 for Pre-K funding to the pending list. The $150,000 that was put on the increment list as a capital item was for money to go to JEDC for the revolving loan fund. That totals four items from this report for this year's budget with the larger dollar amount showing up for next year and future budgets.

Members discussed the timing of this report as well as the timing need to pass the school budget and whether it will be on the AFC or COW meetings.

Mayor Weldon offered many thanks to the Child Care Committee for its work.

V. ADJOURNMENT

ITEM F. ADDED - Funding of School Debt

Mr. Watt distributed a memo on School Debt Scenarios and acknowledge that there are a wide varieties of options being considered by the state at the Senate, House and Governor's level. He said that the Senate has held to full school funding so far. He provided this as an informational item to read and mull over for future discussions.

Mr. Jones said this only deals with mill rate. He asked if we are in a position where, rather than change the mil rate right away, they can bond over this to get a better rate with a refinancing of the total $23 Million debt. That would be another avenue to explore.

Mr. Watt said the short answer is yes but at this time there are many unknowns. He said they need to be in a position where they can figure out the smartest way forward depending on which way the state ends up going.

Additional discussion took place regarding potential options including refinancing, timing, bonding, using savings, or increasing the mill rate if need be. If the state ceases to fund school bond reimbursements, CBJ's repayment amount would be approx $23 Million paid over the next 5 years.

<u>ADJOURNMENT</u>

There being no further business to come before the committee, the meeting was adjourned at 9:06 p.m.

Respectfully submitted,
Beth McEwen, MMC
Municipal Clerk