ASSEMBLY STANDING COMMITTEE
COMMITTEE OF THE WHOLE
THE CITY AND BOROUGH OF JUNEAU, ALASKA

August 20, 2018, 5:00 PM.
Assembly Chambers - Municipal Building

Immediately followed by Special Assembly Meeting.

I. ROLL CALL

II. APPROVAL OF AGENDA

III. APPROVAL OF MINUTES

IV. AGENDA TOPICS

A. **Public Testimony on Ordinances 2018-40, 2018-43, and 2018-39**

Ordinance 2018-40: *An Ordinance Authorizing the Issuance of General Obligation Bonds in the Principal Amount of Not to Exceed $12,000,000 to Finance Capital Improvements to the Facilities of the City and Borough, and Submitting a Proposition to the Voters at the Election to Be Held Therein on October 2, 2018.*

Ordinance 2018-43: *An Ordinance Authorizing the Issuance of General Obligation Bonds in the Principal Amount of Not to Exceed $7,000,000 to Finance Capital Improvements to the Facilities of the City and Borough, and Submitting a Proposition to the Voters at the Election to Be Held Therein on October 2, 2018.*

Ordinance 2018-39: *An Ordinance Increasing the Hotel-Motel Room Tax by Two Percent and Providing for a Ballot Question Ratifying the Increase.*

[Please see the 8/20/2018 Special Assembly meeting packet for copies of the above ordinances.]

B. **COW Member discussion re: Ordinance 2018-40, 2018-43 and 2018-39**

V. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape containing the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org

TRAVEL JUNEAU

August 6, 2018

Rorie Watt
Manager, City & Borough of Juneau
Juneau Assembly
155 S. Seward Street
Juneau, AK 99801

Dear Mr. Watt and Juneau Assembly,

Travel Juneau wishes to take this opportunity to state its position regarding Centennial Hall.

As part of our mission to market Juneau to conventions, groups, and travelers Centennial Hall serves as the linchpin to Travel Juneau's convention and conference meeting sales efforts.

Over its 35 years, the Hall has been only minimally updated. We acknowledge and appreciate recent infrastructure upgrades that improved the physical plant; however, the interior décor, technical offerings, and envelope remain outmoded. Compared to similarly sized facilities in other locations with which we compete (including Sitka's recently renovated convention center), and mid-size conference hotels like those available in other Alaskan and Pacific Northwest towns, Centennial Hall clearly needs updating. The facility falls far short of planners' expectations in appearance, furnishings, and especially technology. Travel Juneau believes that without serious consideration to these items at least, Centennial may well become unsalable. This would cost the city of Juneau and its businesses important revenue.

Travel Juneau respectfully requests that Centennial receive the much-needed deferred maintenance and upgrades as soon as practicable. An early request for $8.5M from the voter-approved extension of the 1% sales tax was reduced to $4.5M. This is inadequate considering the Hall's needs.

Travel Juneau remains committed to marketing our Capital City for conferences and conventions. We will continue to market and promote Centennial Hall to all planners as their first best option. We also look forward to having a solid working relationship with the Juneau Arts & Humanities Council in its new role as manager for Centennial Hall.

On behalf of the Travel Juneau Board of Directors and our partners, thank you for considering this request.

Regards,

Liz Perry
President & CEO – Travel Juneau

TRAVEL JUNEAU

August 6, 2018

Rorie Watt
Manager, City & Borough of Juneau
Juneau Assembly
155 S. Seward Street
Juneau, AK 99801

RE: Travel Juneau maintains its opposition to any increase in HBT

Dear Mr. Watt and Juneau Assembly,

In our letter of December 12, 2017, Travel Juneau outlined its opposition to any increase in the city's Hotel Bed Tax (HBT) from the current 7% to 9%. At that time, the proposed use of the increase of HBT was to fund the New JACC. This proposal was pulled at the request of the New JACC Partnership, as the group found the topic divisive within the community. The CBJ Assembly now has before it a bonding proposal for funding of the New JACC that includes a **2**% increase in HBT. Travel Juneau maintains its opposition to an increase in HBT.

Research from Tourism Economics (http://www.tourismeconomics.com/) has shown that any increase in HBT results in lower demand for hotel rooms from conference and convention planners. The research shows even a **1%** increase can create a price-demand elasticity of **-.32**. This would cost the CBJ and its hoteliers lost business over the life of the increase.

While fees may not affect a few independent travelers with taxes on their hotel folios, meeting planners and their clients are increasingly cost-conscious and look at all fees and taxes associated with a proposed destination before committing. At a total of **14%**, Juneau's effective tax rate would be **2%** higher than Anchorage, and **6%** higher than Fairbanks. Thus, any increase in Juneau's HBT will have an even more detrimental effect on Travel Juneau's efforts to secure meeting business on behalf of Centennial Hall and the CBJ therefore hindering our ability to achieve Travel Juneau's mission.

We also maintain that an increase in HBT for all Juneau hotels and B&Bs puts an undue burden on the smaller, family and regionally owned properties which are the vast majority of Juneau's hotels and B&Bs. Their margins are already very thin.

This loss of revenue will be felt throughout our accommodations sector, especially in our downtown properties as well as other local downtown businesses. Our partner hoteliers that Travel Juneau has been able to speak to have stated that they oppose any increase to the HBT.

800 Glacier Ave., Ste. 201, Juneau, AK 99801
Toll Free (888) 581-2201 • (907) 586-2201 • traveljuneau.com

On behalf of the Travel Juneau Board of Directors and our partners we urge you to not raise the hotel bed tax.

Regards,

Liz Perry
President & CEO – Travel Juneau

Source: Alaska Taxable 2017 Supplement Report

Alaska Cities Sales & Hotel Tax Rates

City	Sales Tax	Bed Tax	Total
City of Adak	4%	5%	9%
City of Aleknagik	5%	9%	14%
City of Angoon	3%	5%	8%
City of Atka	0%	10%	10%
City of Bethel	6%	12%	18%
Bristol Bay Borough	0%	10% or Flat Rate	10%
City and Borough of Juneau	5%	7%	12%
City and Borough of Sitka	5% Oct-March 6% Aprl-Sept	6%	11-12%
City and Borough of Wrangell	7%	6%	13%
City and Borough of Yakutat	5%	8%	13%
City of Cold Bay	0%	10%	10%
City of Cordova	6%	6%	12%
Denali Borough	0%	7%	7%
City of Dillingham	6%	10%	16%
Fairbanks North Star Borough	0%	8%	8%
City of Fairbanks	0%	8%	8%
City of False Pass	3%	6%	9%
City of Gustavus	3%	4%	7%
Haines Borough	5.50%	4%	9.50%
City of Kaktovik	0%	12%	12%
Ketchikan Gateway Borough	2.50%	4%	6.50%
City of Ketchikan	4%	7%	11%
City of Klawock	5.50%	6%	11.50%
Kodiak Island Borough	0%	5%	5%
City of Kodiak	7%	5%	12%
City of Kotzebue	6%	6%	12%
Lake and Peninsula Borough	0%	6%	6%
City of Larsen Bay	3%	$5 per peron	
Matanuska-Susitna Borough	0%	8%	8%
City of McGrath	0%	10%	10%
Municipality of Anchorage	0%	12%	12%
Municipality of Skagway	3% Oct-Mar 5% April-Sept	8%	11-13%
City of Nome	5% Sept-April 7% May-Aug	6%	11-13%
City of North Pole	4%	8%	12%
City of Nuiqsut	0%	12%	12%
City of Old Harbor	3%	5%	8%
City of Pelican	4%	$14 Flat Rate	
Petersburg Borough	6%	4%	10%
City of Port Alexander	4%	6%	10%
City of Port Lions	0%	5%	5%
City of Sand Point	4%	7%	11%
City of Seward	4%	4%	8%
City of Tenakee Springs	2%	6%	8%
City of Thorne Bay	6%	4%	10%
City of Unalaska	3%	5%	8%
City of Utqiagvik	0%	5%	5%
City of Valdez	5%	8%	8%

Presented by: The Manager
Introduced: 08/09/2018
Drafted by: Bond Counsel

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2018-43(c) redline

An Ordinance Authorizing the Issuance of General Obligation Bonds in the Principal Amount of Not to Exceed $2,000,000 ~~$7,000,000~~ to Finance Capital Improvements to the Facilities of the City and Borough, and Submitting a Proposition to the Voters at the Election to Be Held Therein on October 2, 2018.

WHEREAS, improvements to the facilities of the City and Borough of Juneau, Alaska (the "City and Borough") are needed in order to meet the current and future needs of the City and Borough; and

WHEREAS, certain projects listed in Section 3 below (the "Project" ~~"Projects"~~) has ~~have~~ been identified and approved by the Finance Committee as necessary to meet the needs of the City and Borough; and

WHEREAS, if this bond issuance is successful, it is the intent of the Assembly to supplement the facility needs of the City and Borough by providing a two million dollar grant from sales tax previously allocated to Centennial Hall to the New JACC project that is under development by the non-profit Partnership Board that is affiliated with the Juneau Arts and Humanities Council; and

WHEREAS, in order to provide funds for paying part of the cost of acquiring, constructing and equipping the Project ~~Projects~~, it is deemed necessary and advisable that the City and Borough issue and sell its unlimited tax levy general obligation bonds in the principal amount of not to exceed $2,000,000 ~~$7,000,000~~ (the "Bonds");

NOW, THEREFORE, 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. **Findings.** The Assembly of the City and Borough hereby finds and declares that the acquisition, construction and equipping of the Project ~~Projects~~ identified in Section 3 hereof are necessary and are in the best interest of the inhabitants of the City and Borough.

Section 3. **Purposes.** The Assembly has determined that the City and Borough is in need of the following:

~~A.~~ Renovations to Centennial Hall.~~, including upgrading the HVAC system, making improvements to the sound system, lighting system and technology, making improvements to the interior flooring, furnishings and wall systems, and expanding the lobby area (the "Centennial Hall Project"); and~~

~~B. Construction of an enclosed and heated corridor between Centennial Hall and the new arts and culture center (the "Corridor Project").~~

~~The Centennial Hall Project and the Corridor Project are herein referred to collectively as the "Projects."~~ The cost of all necessary architectural, engineering, design, and other consulting services, inspection and testing, administrative and relocation expenses, costs of issuance of the Bonds and other costs incurred in connection with the Project ~~Projects~~ that is approved by the electors shall be deemed capital improvement costs of the approved Project ~~Projects~~. The approved Project ~~Projects~~ may be completed with all necessary furniture, equipment and appurtenances.

If the City and Borough shall determine that it has become impractical to accomplish any portion of the approved Project ~~Projects~~ by reason of changed conditions or needs, incompatible development or costs substantially in excess of those estimated, the City and Borough shall not be required to accomplish such portions and shall apply Bond proceeds as set forth in this section.

Interest earnings on Bond proceeds may be used and applied by City and Borough, at the direction of the City Manager or his or her designee, for the Project ~~Projects~~ or for other capital improvements or for the retirement of the Bonds or other general obligation bonds of the City and Borough.

If the approved Project ~~Projects~~ have been completed in whole or in part, or their completion duly provided for, or their completion found to be impractical, the City and Borough may apply Bond proceeds or any portion thereof as provided in Section 10.10 of the Home Rule Charter.

In the event that the proceeds of sale of the Bonds, plus any other monies of the City and Borough legally available, are insufficient to accomplish the approved Project ~~Projects~~ as provided in this ordinance, the City and Borough shall use the available funds for paying the cost of those portions of the approved Project ~~Projects~~ for which the Bonds were approved deemed by the Assembly most necessary and in the best interest of the City and Borough. No Bond proceeds shall be used for any purpose other than a capital improvement.

Section 4. Details of Bonds. The Assembly hereby authorizes the issuance of general obligation bonds in order to fund the portion of the costs of the Project ~~Projects~~ described in Section 3 (the "Bonds"). The Bonds shall be sold in such amounts and at such time or times as deemed necessary and advisable by the Assembly and as permitted by law and shall mature over a period of not to exceed 20 years of date of issue. The Bonds shall be issued in an aggregate principal amount of not to exceed $2,000,000 ~~$7,000,000~~. The Bonds shall bear interest to be fixed at the time of sale or sales thereof. Both principal of and interest on the Bonds shall be payable from annual tax levies to be made upon all of the taxable property within the City and Borough, without limitation as to rate or amount and in amounts sufficient with other available funds, including sales tax levies, to pay such principal and interest as the same shall become due.

The full faith, credit, and resources of the City and Borough are hereby irrevocably pledged to the payment of both the principal and interest on such Bonds. The exact form, terms, conditions, contents, security, options of redemption, and such other matters relating to the issuance and sale of said Bonds as are deemed necessary and advisable by the Assembly shall be as hereinafter fixed by ordinance and resolution of the City and Borough.

Section 5. Submission of Question to Voters. The Assembly hereby submits to the qualified electors of the City and Borough the proposition of whether or not the City and Borough should issue the Bonds for the purpose of financing the costs of the approved Project ~~Projects~~ at the regular municipal election to be held on October 2, 2018.

The City and Borough clerk shall prepare the ballot proposition to be submitted to the voters as provided by this ordinance and shall perform all necessary steps in accordance with law to place these propositions before the voters at the regular election.

Section 6. Ballot Proposition. The proposition to be submitted to the qualified voters of the City and Borough as required by Section 5 above shall read substantially as follows:

Explanation

The proposition will authorize the issuance of $2,000,000 ~~$7,000,000~~ in general obligation bond debt for paying the cost of renovations, construction, upgrades and capital improvements to the facilities of the City and Borough, including renovations to Centennial Hall~~, including the HVAC system, improvements to the sound system, lighting system, technology, interior flooring, furnishings and wall systems, expansion of the lobby, and construction of an enclosed corridor between Centennial Hall and the new arts and culture center~~. The total annual debt service costs, assuming an interest rate of 4.0%, will be $182,000 ~~$635,000~~ for 15 years~~ with $2.5 million of total debt service expected to be paid from the one percent temporary sales tax approved by voters in 2017 and the remaining balance to be ~~paid from a property tax of approximately $4 ~~$13~~ per $100,000 of assessed value. This example of a property tax levy is provided for illustrative purposes only.

PROPOSITION NO. ___

GENERAL OBLIGATION BONDS

$2,000,000 ~~$7,000,000~~

For the purpose of renovating Centennial Hall, ~~including upgrading the HVAC system and expanding the lobby, improvements to the sound system, lighting system, technology, interior flooring, furnishings and wall systems, and constructing an~~

~~enclosed, heated corridor between Centennial Hall and the new arts and culture center within the City and Borough,~~ shall the City and Borough of Juneau, Alaska, issue and sell its general obligation bonds, maturing within 20 years of their date of issue, in the aggregate principal amount of not to exceed <u>$2,000,000</u> ~~$7,000,000~~?

BONDS, YES ☐

BONDS, NO ☐

After voter approval of the proposition and in anticipation of the issuance of the Bonds, the City and Borough may issue short term obligations, under such date and in such amount, form, terms, maturity, and bearing such rate or rates of interest, all as may hereafter be fixed by ordinance of the City and Borough, consistent with limitations imposed by State law and by the Home Rule Charter and Code of the City and Borough.

Section 7. Notice of Election. The Assembly shall cause a notice of election to be published once a week for three consecutive weeks in a newspaper for general circulation in the City and Borough. The first notice shall be published not later than September 12, 2018, which is 20 days prior to the regular municipal election. The notice shall contain the information required by Section 10.5 of the Home Rule Charter of the City and Borough.

Section 8. Effective Dates.

(a) The authority to issue general obligation bonds proposed in Section 6 of this ordinance shall become effective on the day following the date the election results are certified for the regular municipal election held on October 2, 2018, if a majority of the qualified voters voting on the proposition set forth in Section 6 votes for the proposition.

(b) Section 6 of this ordinance authorizing the submission of the ballot proposition to the qualified voters of the City and Borough shall become effective thirty days after adoption of this ordinance.

Adopted this ___ day of ___________, 2018.

____
Kendell D. Koelsch, Mayor

Attest:

____
Elizabeth J. McEwen, Municipal Clerk