THE CITY AND BOROUGH OF JUNEAU, ALASKA
Assembly Committee Of The Whole Work Session Minutes

Monday, January 4, 2016

I. ROLL CALL

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

Assemblymembers Present: Mary Becker, Karen Crane, Debbie White, Loren Jones, Jesse Kiehl, Jerry Nankervis, Kate Troll and Maria Gladziszewski (telephonic)

Assemblymembers Absent: None

Staff present: Kim Kiefer, City Manager; Amy Mead, City Attorney, Mila Cosgrove, Deputy City Manager; Beth McEwen Acting Clerk

II. APPROVAL OF AGENDA

Hearing no objection, the agenda was approved as presented.

III. APPROVAL OF MINUTES

a. November 23, 2015 Assembly Committee of the Whole

Mayor Becker noted corrections to the minutes on page 4. Hearing no further corrections, the minutes of the November 23, 2015 Committee of the Whole meeting were approved as corrected.

IV. AGENDA TOPICS

A. Childcare Update - HEARTS (Hiring Educating And Retaining Teaching Staff) Program and Association for the Education of Young Children (AEYC)

Kim Kiefer explained that usually the Assembly only hears from these folks during the Assembly Finance Committee Budget review process and she felt it was important for the Assembly to hear from them before the next budget cycle. AEYC Executive Director Joy Lyon and Juneau Economic Development Council Executive Director Brian Holst gave a slide show presentation.

Ms. Lyon said they work to support the education of all young children and families in Juneau up to age 5. They support families through the Parents as Teachers program, Dolly Parton Imagination Library, and they work with the statewide partner T.H.R.E.A.D. to increase the quality and capacity of child care.

Ms. Lyon touched on why and how young children have an impact on the local economy and the health and education of the community. They also discussed how the HEARTS initiative and the zoning changes have made some progress on child care. They introduced data from a couple of recent studies released in October and November.

Mr. Holst explained the data from those studies and that the return of investment is highest for early childhood education. The vast majority of investment in education is during the K-5 years and post-secondary education, however the highest return on investment is from the money spent on the period covering pre-natal care to those children entering into kindergarten.

In November, the Alaska ACEs (Adverse Childhood Experiences) study was released. Ms. Lyon explained the ACEs study and its findings. The study identified 10 ACEs and looked at the national numbers vs. those of Alaskan residents to see what the costs are to our state.

The 10 ACEs in the study are identified as follows:

1. Physical abuse
2. Sexual abuse
3. Emotional abuse
4. Emotional neglect
5. Physical neglect
6. Witnessing domestic violence
7. Mental illness in the home
8. Family member incarceration
9. Alcohol/drug problems
10. Parental separation or divorce

She said that half of those experiences that cause trauma and toxic stress for children have to do with child abuse and neglect (#1-5 above). She said that the others are serious stressful problems that tend to be more detrimental, the younger the child is who is experiencing them. That is when we have the most opportunity to make changes and to modify or mitigate some of those negative outcomes. In Alaska, the study found that approximately 15% of children had two or more ACEs scores and a total of 40% of children under age 5 experienced at least one of the above adverse experiences. That translates in Juneau to approximately 300 children who had two or more ACEs.

Ms. Lyon then explained how those traumas affect the way infants and toddlers' brains grow. She demonstrated the pathways for the brain development experienced by children with and without ACEs and showed how early childhood teachers intervene right at the age/stage where children need it the most as they are developing their social and emotional life skills.

Mr. Holst explained the costs to society associated with the ACEs traumas. For those Alaskan adults who report four or more ACEs compared to zero ACEs, they are 49% more likely to be unemployed, 274% more likely to be unable to work, and 92% more likely to earn less than $20,000 annually. He then discussed a recent study done by the McDowell Group which showed the economic impacts of early care and learning in Alaska. To translate that study into Juneau numbers, it is the equivalent of approximately $25 million per year with 15% of workers who rely on or are enabled to work because there is child care available to them. That means approximately 2,500 adults in Juneau finding child care in some form which often times includes informal child care. Primarily, the burden for paying for child care falls to the parent. Although some assistance is available, the primary burden is on the parents.

In the Juneau Economic Plan, there is a section on preparing for the next generation workforce segment that contains three elements that speak to this issue of investing in early childhood education. Mr. Holst attended conferences on the national and statewide levels over the past year and reported that Juneau is the first and only municipality in Alaska that offers the HEARTS initiative. HEARTS tries to address the issue of being able to provide more opportunities for employment for child care workers and more opportunities for child care. The investment that the Assembly is making is approximately $90,000 per year which comes to an approximate cost of $37 per child. That is in large contrast to the investment that CBJ makes for children once they are enrolled in kindergarten.

Ms. Lyons explained that these are the same children CBJ will be paying for once they are enrolled in school and just by shifting some of those funds a little bit earlier, it can really save on special education costs, juvenile delinquency, and other issues.

She explained the HEARTS program and the successes it has had over the past few years. In its first year, the turn-over rate for childcare workers was almost 100%. Those lower turnover rates are also making a big difference in mitigating the ACEs that children encounter. The HEARTS initiative has helped to change the quality and stability in child care. The program helps provide stability through education support. The providers are not only having a better education base, but also staying to work with the children over the years. It doesn't quite fill the gap for a pre-school child care teacher vs. a Kindergarten teacher. The gap also doesn't account for the fact that many early child care workers have no health insurance or benefits.

Ms. Lyon said she appreciated hearing the conditional use permit changes that have been made to provide opportunities to have more child care programs within the community. The capacity is still a struggle. She said they have seen a decline over the past two years. Since July 2014, there are just over 450 program spaces and although Juneau has added two new centers since July, the greatest challenge for parents looking for child care is to find spaces for children under age two; currently there are only 100 spaces for that age group.

In looking ahead at what the next steps and goals are there are many organizations within Juneau working on a collective impact approach to address youth issues on a myriad of levels within the community. Ms. Lyon also said that they would hope that since CBJ is one of the largest employers in the community, CBJ would look at providing a child care facility that would be free or low cost to its employees and she would like to continue to explore that with the Assembly. Other solutions would be to have paid family leave, offer pre-K education to all children 3 years old and up, and provide home visiting services as well.

She suggested the Assembly increase the HEARTS funding. She said they are at capacity now with the current teachers and providers in place and to be able to promote the HEARTS program, the budget would need to increase.

Ms. Troll asked if there had been any discussion about the School District having more spaces available for possible child care solutions since class enrollment has decreased. Ms. Lyon said she was scheduled to meet with Superintendent Mark Miller in the near future and that the REACH program is also exploring options for use of school district facilities, especially for children with special needs.

B. Willoughby Arts Complex Update

Ms. Kiefer explained that the Assembly had provided funding for the Willoughby Arts Complex and it had been some time since the Assembly had received an update on this project. She said there had been some talk about changes to the partnership and she thought it was a good time for the Assembly to receive an update. Juneau Arts and Humanities Council (JAHC) Executive Director Nancy DeCherney and JAHC Boardmember Jeff Bush presented information to the committee.

Ms. DeCherney provided an overview of the project and how it had come about. She explained that over the years, there have been three McDowell studies done on the arts in Juneau. In 2007, the Assembly turned the Armory over to the JAHC to be turned into the current Juneau Arts and Culture Center (JACC). She said they got very busy and in 2011 the JAHC started to think about expanding the facility. In 2012, they came before the Assembly with a request to begin the process of expansion. There were some tentative drawings done up and their plan was to expand into the parking lot between Centennial Hall and the JACC and construct a new theater and some additional spaces that could be used for the arts. At that time, the Assembly authorized $1 million from the 1% sales tax at that time.

Shortly after that, Perseverance Theater began to think that they needed a new space and in December 2012, they formed the PARTnership. It was similar to a condo association in which the building would be an owner occupied space and they would work together on constructing this building. They have been working together since that time. Perseverance received a grant from the Allan Foundation and another from the Rasmussen Foundation. The Assembly agreed to give permission for them to use that land and they have until 2018 to get the shovel in the ground. They have been steadily working since they received the $250,000 advance on the $1 million from the Assembly. They hired some consultants and a capital campaign manager and a program manager. It became evident that no progress could be done until they had a feasibility study completed. In Spring 2015, they asked the McDowell Group to do a study but this time, with an actual project in mind. They completed their study in November and the study on the project that they had in mind was based on consultation with the community and what the needs of the JAHC and Perseverance were. It included two theaters, a 199 seat theater for Perseverance, a 250-280 seat theater for the community, a black box, a café and a number of other bells and whistles.

At about that time, Perseverance felt they were taking on a project that was too big for what they have. They are a small organization and they have other major priorities and as the feasibility study was being completed Perseverance decided to withdraw from the PARTnership. She said that it was fortunate that it was happening at the same time as the feasibility study was being completed and the McDowell Group was able to shift gears quickly. JAHC Boardmember Paul Voelckers was able to adjust the program and space needs so the feasibility study that was presented reflected those changes. The executive summary provided to the Assembly shows the new project as one theater, large black box, a café, and a gallery. She said that now puts them at the point of being ready to go forward to work on the actual project.

Ms. DeCherney said last spring they received applications from eight architects and they did a preliminary architect selection process. They chose five Alaskan architects; three from Juneau, one from Anchorage and one from Fairbanks who will be part of the design competition.

They identified their next steps as:

1) Report to the Assembly COW per this presentation;
2) Capital Campaign committee revitalizing itself;
3) Community consultants coming back in March to make sure the project, as now planned, will serve the community as a whole;
4) Design selection will happen sometime this spring;
5) Target date for opening sometime in December 2019.

Mr. Bush explained that they are now at a cross roads. The feasibility looks good, the design is ready to go, and their fundraising plans are about to be implemented but they are now coming up against the current lease agreement with CBJ as it relates to the JACC but also as it relates to the ownership of the project in its entirety. He said the problem is that they need to identify the city's role in the ownership and operation of the building. He said from the fundraising perspective, it was always their belief and intention that it was going to be a privately owned/operated non-profit facility.

Additional discussion took place regarding the current lease agreement and it was clear there were many questions about how best to move forward. It was decided that the Mayor would ask an hoc group consisting of a few Assemblymembers, a few representatives of JAHC, the City Attorney and other CBJ staff to identify what the issues are and how best to move forward. Maria Gladziszewski that she was involved in this process with the JAHC prior to her service on the Assembly and expressed a willingness to serve on the ad hoc group.

C. UAB Recommendation to Assembly on Biosolids

Utility Advisory Board (UAB) Chair Leon Vance and Vice-Chair Geoff Larson presented along with Engineering/Public Works Director Rorie Watt. Mr. Watt thanked the boardmembers for their hard work on this topic and thanked Mr. Vance for stepping into the Chair position after former Chair Scott Willis passed away last year. The loss of Mr. Willis, his knowledge and involvement have been keenly felt.

Mr. Vance said although the UAB doesn't typically appear before the Assembly, they were formed about ten years ago to broadly advise the Assembly on water and wastewater utility issues. Over the past year, the board was tasked with working on a potential solution for the most pressing problem in the wastewater utility – the bio-solids disposal issue. He said the board consists of seven members of the public with a diverse range of experience. Several of the members have served since the board was originally formed and one to two members of the board have many years of experience working directly with or in the CBJ water or wastewater utilities. The board spent many hours in public meetings and individual board members spent a great deal of their own time performing independent research as well as reviewing all the work done by staff. As part of the process, the board considered multiple options that are listed in the meeting packet. The board ultimately determined that all but two of the potential solutions were either not feasible in Juneau, or not economic, or just not technically feasible. He said the timeframe they are working with is fairly critical and the need is for right now/ yesterday/ASAP. The two options the board suggested are the "Dryer" approach or the "Monofill" approach. He said both approaches have advantages and disadvantages with the key points being that the dryer would have a higher up front capital cost and lower long-term operating cost, whereas the monofill would have the lower up front cost but higher long-term operating cost.

They are presenting both options and note that CBJ staff's preference is to go with the dryer approach as it provides CBJ with complete control of the entire process. He said the board has no reason to disagree with accentuating that particular point because the current precarious situation emphasizes the downside of not having complete control of all steps in the process.

Mr. Vance said that another charge for the UAB is to focus on the rate structure. He said as they were developing the rates last year, they were taking into account the capital costs that would be incurred if the Assembly chose to go with the dryer option.

Mr. Larson explained the historical context and the rate studies done and all the components that went into those studies. One of the specifics they did not have at the time they were doing the rate studies were the amounts involved in the capital expenditures. Depending on which option the Assembly choses to go with, either the dryer or the monofill option, that will make a difference on how the UAB does its rate study modeling and the amounts to be included in the ten year plan.

Assemblymembers asked many questions about the two options, including what the actual processes for each option were, how they work, how they could dispose of it and all the variables from point A to Z. Mr. Watt explained the two processes and answered questions related to the fuel prices and other expenses listed in the packet materials and how the dryer option compared to the monofill option and then also the potential for a combination of a monofill and dryer option. He explained that the UAB reviewed and calculated a multitude of options over the course of the last year and the materials in the packet are what were provided at the request of the UAB.

Mr. Watt also explained that there were two gentlemen who came forward with a proposal to contract directly with CBJ to do a monofill. He said it is an unusual situation in that CBJ doesn't have a readily available piece of land to use for a monofill. He said these gentlemen have identified a tract of land that they have an option to purchase. They would then go through the necessary permitting process and develop a mono-fil site.

Additional discussion took place about the particulars of each option. Assemblymembers expressed a desire to hear from Chris Gerondale and Spike Bicknell who were the ones to propose the monofill site. Mr. Bicknell explained their proposal and when they were initially looking at this, they were discussing a 10-year process with Mr. Watt. He explained the piece of land they were looking at was approximately 100 acres and would most likely have a 20-year capacity but their discussions were really only focused on a 10-year process. Mr. Gerondale explained that their monofill proposal gives CBJ the opportunity to save money over what they are currently doing now and would provide them time to determine and budget over the next few years for long term solutions. He provided an overview of their number projections vs. what was given to the Assembly by the UAB. They have identified two possible monofill locations, one is a 103 acre parcel and another is 73 acres.

Assemblymembers had a number of questions for Mr. Gerondale and Mr. Bicknell. Mr. Gerondale said if the Assembly chose their proposal, they anticipated a location either on South Douglas or Chichagof Island and that it would it would take approximately 12 months to put the whole thing in place including the required DEC permits and wetland mitigation plans.

After hearing from Mr. Bicknell and Mr. Gerondale, the Assembly then asked Finance Director Bob Bartholomew to give them an overview of where CBJ stands with respect to the overall bond indebtedness and how they may be able to fund the two possible scenarios. Mr. Bartholomew explained that last summer he provided a report to the Assembly about the status of the CBJ debt capacity. He said that since that time, he has been working with a financial advisor to come up with the capacity for general revenue bonds vs. all other types of bonds. At this time, there is a steep rate of pay off happening which is good for our future. CBJ does have the capacity to take on more debt but we will need to be judicious on where we will use it. He said his forecasts provided in August 2015 were too conservative but that we do need to continue to monitor things.

Mr. Bartholomew explained that this project would be relying on getting a DEC loan which is a federal loan that is filtered through DEC with a 1.5% interest rate over a 20-year period with a total proposed debt of $20 million. He said he'd have to do some additional figuring to come up with the full details to share with the Assembly but he'd send them the information in a follow-up email.

Assemblymembers expressed their various concerns with the proposals and the financial outlook. All agreed that a solution should be reached sooner rather than later. They asked for staff to bring back additional information related to the UAB review and information, clearer information on the 20 and 25 year options for dryer vs. monofill, a summary of the financial information as it relates to the utilities as well as a report from Mr. Bartholomew on the general debt service load for CBJ.

Chairman Kiehl expressed his thanks to everyone for coming and providing their reports and input.

V. STAFF REPORTS – None.

VI. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS – None.

VII. ADJOURNMENT - There being no further business, the meeting adjourned at 9:01 p.m.

Submitted by Beth McEwen, Deputy Clerk