

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

August 24, 2015, 6:00 PM.
City Hall Assembly Chambers

Assembly Worksession - No Public Testimony

I. ROLL CALL

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

Assemblymembers Present: Mary Becker, Karen Crane, Maria Gladyszewski, Loren Jones, Jesse Kiehl, Jerry Nankervis (teleconference), Merrill Sanford, Kate Troll and Debbie White.

Assemblymembers Absent:None.

Staff present: Rob Steedle, Deputy City Manager; Laurie Sica, Municipal Clerk; Rorie Watt, Engineering Public Works Director; Hal Hart, Community Development Director; Beth McKibben, Planning Manager; Jonathan Lange, Planner; Timothy Felstead, Planner; Mila Cosgrove, HRRM Director; Bob Bartholomew, Finance Director.

II. APPROVAL OF AGENDA

Hearing no objection, the agenda was approved as presented.

III. APPROVAL OF MINUTES

A. August 3, 2015 Committee of the Whole Draft Minutes

Hearing no objection, the minutes of the August 3, 2015 Committee of the Whole meeting were approved.

IV. AGENDA TOPICS

A. Property Development Tax Incentives

Mr. Bartholomew provided an overview of changes to State of Alaska Statutes regarding deferral and exemption of property taxes for deteriorated properties and subdivided properties. He provided background material on the specifics of the statute regarding both types of properties.

Deteriorated property was either residential or commercial. The residential property was defined as located in a deteriorated area with boundaries determined by the municipality and the property must be owned by an entity with at least two residential properties and eight or more dwelling units among those properties within the designated area. Commercial property was not for residential purposes or was a multi-unit residential property with at least 8 dwelling units and met one of three other requirements: a) within the last five years had been subject of an order by a government agency for remediation or required to be vacated, condemned or demolished, b) had a structure not less than fifteen years of age and had not undergone substantial rehabilitation, renovation or replacement, or c) was located in a deteriorated/ing area within the boundaries determined by the municipality.

CBJ Code 69.10.025 currently provides for a repair/rehab exemption for 4 years for qualifying historic property and 1 year for qualifying community purpose property. If the Assembly was

interested in a code change based on this state amendment, it would need to classify the deteriorated areas (where applicable), whether to apply an exemption and/or deferral, and to determine the length of time for the exemption or deferral.

Ms. Crane said she would like to see incentives for a number of buildings downtown that had space that could be developed for living spaces to help provide for additional housing. Everyone looking at downtown has concluded that more housing was needed. Mr. Bartholomew said one of the requirements for a CBJ exemption could be that repair would need to provide "X" number of living units, if housing was the goal.

Ms. Troll asked if it was possible to have language about "vacant" or underutilized properties as opposed to deteriorated property, and Mr. Bartholomew said any code change would need to comply with the statute language. Ms. Troll was concerned with incentivizing deterioration of properties, so she thought a deferral might be better than an exemption for this type of property.

Ms. White noted a difference in the real estate profession in which 5 residential units or more is considered commercial property, not four. She was also concerned about "redlining" which was a discriminatory practice in real estate transactions in which lenders refuse to lend money or extend credit to borrowers in certain "struggling" areas of town. She said that CBJ would need to be careful in identifying deteriorating areas.

Ms. Gladyszewski asked what evidence existed to show that this type of exemption resulted in upgrades of deteriorated properties. Mr. Bartholomew said he did not have that type of information available, but for the budget he was recommending holding the line on exemptions. Mr. Hart said it was a tool for communities to use for development, and there was no one panacea. He saw it working in a variety of settings downtown regarding properties in trouble, those that were languishing. Mr. Hart said there were a variety of communities using similar tools, including Anchorage, Seattle. He could research that topic and provide more information.

Mr. Kiehl said residential properties would be more difficult to manage due to the need to define an area. With commercial property, the exemption could be more surgical, but then there could be a perception that CBJ would be cutting a specific property owner a deal. He asked for information on developing a program to avoid conflicts. Mr. Hart said good relationships with the property owners were needed and they needed to be willing to work together with the city to move forward. To see this type of program as an investment in the community, vs. "redlining" a neighborhood was important to define. Redlining was excluding people from an area, and there were several property owners, who if contacted, might buy into outlining an area for development. Mr. Hart said improvement of a few properties could be key to making a big impact in downtown.

Mayor Sanford said it would be difficult to determine, but a cost analysis would be needed to make a decision on how to move forward so the Assembly would understand the magnitude of the loss of tax revenue.

Mr. Kiehl gave one example of a building assessed at about \$2 million, and over ten years, this could be seen as an approximate loss of \$225,000 in taxes or as an investment from the community. Mr. Kiehl related one positive example and one negative example, and asked if a program could be developed with milestones for progress. Mr. Steedle said that his reading of the statute gave the community a lot of leeway in drafting its own conditions in any potential program. Mr. Bartholomew said the shorter the exemption period, the more incentive there was to do the work.

Mayor Sanford said the total valuation of the borough would include the properties exempted and the rest of the community would make up for those exemptions. Mr. Bartholomew said in a way, CBJ was penalized from optional exemptions in the calculation for determining the required minimum school contributions. Properties exempted from that assessment do not pay in to that total value.

Ms. Troll said it seemed like there was interest in using this as a tool and suggested asking the Downtown Business Association (DBA) for its input on how to shape such a program. If it worked downtown, it could be expanded elsewhere.

Mayor Sanford asked Mr. Steedle for a recommendation based on the work load of existing staff. Mr. Steedle said he would meet with DBA and return a draft ordinance to the Assembly for consideration.

Mr. Bartholomew reviewed his memo regarding the change to state statute allowing for exemptions of property tax for certain subdivided property. The current state and municipal law allowed for deferral of taxes on subdivision of property. The statute now allowed municipalities to exempt tax on the increase in value derived from the subdivision of a property into three or more lots, for a period of five years. There were triggers for when a deferral or exemption would end upon the sale or transfer of ownership. Mr. Bartholomew said if the Assembly was interested in pursuing this, questions to be answered included a) whether to change the existing ordinance from a deferral to an exemption and b) what the length of time should be for allowance of an exemption.

Ms. Crane asked if someone could get an exemption for the time period allowed whether the subdivided property was subsequently sold or not. Mr. Bartholomew said yes. Ms. Crane was concerned that there could be a lack of incentive to develop the subdivided property.

Ms. White said that five years seemed like a long time, but was not when considering all of the steps required for development of property from subdivision to sale.

Ms. Troll suggested a sliding scale of a reduced exemption the longer that no sale or development took place over time.

Mr. Kiehl said with a deferral the only way the government could get the funds back was to record a lien on the property, which costs money. Since this is only an exemption on the increase in value of the subdivided property, he thought the risk of loss to CBJ was minimal and he did not see it being an incentive for people to "sit" on subdivided land.

Ms. Troll said a change from a deferral to an exemption was more generous, and needed to be balanced with concrete action.

Ms. Becker asked if there were any conditions that should be in place before an exemption was allowed? Mr. Bartholomew said that there would be no exemption until the subdivision was completed and recorded.

Ms. White said that this exemption did not give a builder an incentive to sit on property and it was one step towards affordable housing.

Ms. Gladziszewski spoke in favor of this type of exemption on the increase in value of subdivided property.

Mr. Steedle said he would return a draft ordinance to the Assembly for consideration.

B. Juneau Coordinated Human Services Transportation Plan

Jonathan Lange said the plan before the Assembly was an update of the 2008 plan and it helped the community in many ways. It met Federal requirements in order for Juneau's transportation providers for seniors, people with disabilities, and people from low income households to qualify for Federal funding. An update to the plan was required every five years. It prioritized ways to make service better and identified gaps in service. Members of the Juneau Coordinated Transportation Coalition (JCTC) and Sheinberg Associates were key to drafting the plan. He spoke about the public process taken for obtaining information for the plan, including surveys, public meetings and the work of the JCTC. At the public meetings, projects were selected and ranked as short-term,

mid-term and long-term opportunities for improvement. The plan also included background and analysis of demographics of the community. The plan provided an operational guide for grant funding to improve the transit system in the community. The plan was proposed to be adopted by Assembly resolution.

Ms. Crane said many of these issues were identified in our overall transit plan, including holiday service, gps tracker service, Costco/Home Depot and ferry terminal stops, issues of snow and ice. She encouraged Mr. Watt to highlight and address the issues. Mr. Watt said a transit update was planned for late September at the Committee of the Whole.

Ms. Becker asked about taxis with lifts. Mr. Lange said there were two out of 63 taxis with lifts, to date those lifts were paid for with grant funds and an increase in the number of taxis with lifts is recommended.

Ms. Troll asked if it would be an appropriate use of marine passenger fees to fund lifts for taxis to carry tourists that have that type of need.

Ms. Gladyszewski asked about the JCTC. Mr. Lange said the group met quarterly, and each fall put together the grant requests. CBJ helped to get the local concurrency for the plan so the providers could apply for the grants.

MOTION, by Mayor Sanford, to direct staff to prepare a resolution to adopt the JCHSTP plan for 2015. Hearing no objection it was so ordered.

C. Biosolids Update - Verbal Report

Mr. Watt said in January and February, the Assembly provided him with a "longer leash" to develop the dryer concept to get better numbers, and also asked for regular updates. The Utility Advisory Board was very involved and in the study of the biosolid issue and would return a recommendation to the Assembly soon. The UAB and staff had looked at the options, revisited incineration, and put out a Request for Proposals for a dryer in order to get hard numbers. The group also talked a lot about landfilling and composting. The UAB vetted the information and was able to devote time to dig into the details. CBJ continues to ship biosolids south and that was expensive - \$2.2 million per year. CBJ weathered the summer with few problems but the shippers were hoping for another long term solution. The other solutions come with a \$15 - \$20 million price tag. The January 26 Committee of the Whole packet contained much of the information upon which to base a decision, and a decision would be needed. He was convinced another solution to shipping was needed due to the high cost and instability of the arrangement.

Ms. Crane asked when the proposal would be before the Assembly. Mr. Watt hoped for late September but would take his cue from the UAB and their decision making.

Mr. Kiehl said he was approached by a person who was interested in Juneau's waste as a wastestream for their community's waste to energy project. Mr. Watt said the UAB had heard some proposals and the door was still open to hear concepts.

Mayor Sanford asked if the technology had changed over the last year, as biosolids were only 30% of the waste. He was interested in taking care of 100% of the waste in an environmentally friendly way through advances in technology.

Mr. Watt said the UAB had contacts with operators of a waste-to-energy plant in Tennessee, with Waste Management and the technology had evolved in waste to energy and air treatment in incineration, so yes, they were looking at this. UAB members would be prepared to speak to this topic. Mr. Watt said that predicting that when the technology would be viable at Juneau's scale was difficult to predict.

Ms. Crane said that the new technology was discussed extensively five years ago and it was not ready now, and she doubted whether it would be ready in another five years. Juneau was not in a position to invest in unproven technology and had a problem to address now.

Ms. Becker said that no one seemed to be able to say how long CBJ would be able to ship biosolids as well.

Ms. Troll said that the parking meter technology was not ready for prime time and compared that as an investment in unproven technology. JEDC has a new high school program called "trash tech" so maybe the students would provide CBJ with a solution.

V. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

Mayor Sanford distributed a letter naming the three person city manager selection committee, including Ms. Becker as chair, Ms. Crane and Mr. Nankervis, to lead the Assembly in making a decision on 5-10 candidates for the entire group to review / interview. The decisions now were a) how broadly to advertise, b) if CBJ HRRM should facilitate the work of the committee or to hire an outside firm to assist, and c) how far in the process should the subcommittee work to whittle down the applicant pool.

Ms. Cosgrove provided some information to the Assembly and offered the services of HRRM if needed.

Ms. Crane said she would like to look broadly within the state and perhaps the Pacific Northwest. There are many other communities looking for managers in Alaska, but that was as far as she wanted to advertise.

Mr. Jones said that due to technology, anyone looking would see the ad and it wasn't necessary to spend a lot of money on advertising.

There was discussion about stating a preference for Alaska residents.

Mr. Kiehl said he was comfortable with the work HRRM did during the Attorney hire process and with the committee making a top ten list but he would like all Assembly members to have access to the applications and be able to make a case for inclusion of candidates that may not make the top list. Ms. Gladziszewski supported that approach.

Ms. Cosgrove explained her approach and said she encouraged the Assembly to look at the applications but did not think there was a time when someone had been left out that rose to the qualifications set by the Assembly.

Mayor Sanford said that this was the most important job of the Assembly and all members were invited to the subcommittee meetings, which would be open, and the process would be transparent.

Ms. Cosgrove said the time frame was 3-4 months to put together the selection criteria, the screening process, and to hire by the end of December, so she encouraged the committee to stay on track.

Mr. Jones said there were three or four communities that were looking for city managers so those candidates would be likely ready to apply he encouraged acceleration of the criteria process so to take advantage of time to do interviewing before Thanksgiving and not between Thanksgiving and Christmas.

It was determined that Ms. Becker would meet with Ms. Cosgrove to get the process started.

Mayor Sanford distributed the draft ballot for approval and there was no objection to its content.

Mayor Sanford invited all Assemblymember to attend a lunch for the British Columbia Minister of Energy and Mines on Wed., Aug. 26th at Noon at the Hangar Ballroom.

Ms. Crane noted the Finance Committee would meet Wed., Aug. 26th at 5:30 p.m. and the packet was distributed.

VI. ADJOURNMENT

There being no further business to come before the committee, the meeting adjourned at 7:45 p.m.

Submitted by Laurie Sica, Municipal Clerk