

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

March 2, 2015, 6:00 PM.
City Hall Assembly Chambers

Assembly Worksession - No Public Testimony - Meeting to begin immediately after Special
Assembly Meeting at 6 p.m.

I. ROLL CALL

Deputy Mayor Mary Becker called the meeting to order at 6:10 p.m. in the Assembly Chambers.

Assemblymembers Present: Mary Becker, Karen Crane, Maria Gladziszewski, Loren Jones, Jesse Kiehl, Jerry Nankervis, Merrill Sanford, and Debbie White.

Assemblymembers Absent: Kate Troll.

School Board Members Present: Phyllis Carlson, President; Destiny Sargent, Andy Story, Brian Holst, Lisa Worl, Sean O'Brien.

School Board Members Absent: Barbara Thurston.

Staff present: Kim Kiefer, City Manager; Amy Mead, City Attorney, Rob Steedle, Deputy City Manager; Laurie Sica, Municipal Clerk; Mark Miller, JSD Superintendent; David Means, JSD Administrative Services Director; Bob Bartholomew, Finance Director; Hal Hart, Community Development Director; Greg Chaney, Lands and Resources Manager.

II. APPROVAL OF AGENDA

Hearing no objections or changes, the agenda was approved.

III. APPROVAL OF MINUTES

A. February 9, 2015 - Committee of the Whole Meeting Minutes

Hearing no objection, the minutes of the February 9, 2015 Assembly Committee of the Whole were approved.

IV. AGENDA TOPICS

A. Discussion with JSD School Board on Budget

Phyllis Carlson, Board Chair, said the Board appreciated all of the past support to the School District and they were present on behalf of the students of the community, the future. This is a highly educated community and should have a world class school district. They focused on improvements while working had to cut \$11 million and 120 staff members from the district, which had a great impact on instructional abilities, while implementing higher educational standards. JSD was upgrading buildings and technology. She spoke about educational goals and equity issues. She asked the Assembly to continue to prioritize education, fund to the cap, support activities and the Board understood the budget challenges faced by the Assembly as well.

Superintendent Miller provided a presentation on the proposed school budget under review. He said projected expenses exceeded projected revenues by \$2.2 million. He said many cuts had already been made to the budget, and any further cuts would be even more difficult. He spoke about improved graduation rates, which was a primary goal. He was impressed that Title 1 Schools, which housed those most in need socio-economically, were succeeding. He said the Board was asking for

funding to the cap, and for some activities funding, and he understood that was a very "hard ask." He said there was no fat in the budget and spoke about class sizes, and the budget goes to paying teachers in classrooms. The only real way to reduce costs is to reduce teachers and increase class sizes.

He explained cuts that had been made and said if the district got full funding from the state and restoration from last year, there was still a deficit of \$1.4 million. The activities expenses were \$140,000 over anticipated and that would have to stop. He explained potential budget reduction scenarios that included varying components such as establishing an activities fee, reducing activities, and increasing class sizes.

Ms. Becker asked how reducing middle school activities would effect participation in high school. Mr. Miller said activities were a major factor in keeping students motivated and in school.

Ms. White said there used to be an activities fee and asked about if the fee had gone away. She spoke about the personal fundraising. Mr. Means said there was an activities fee of \$60 - 75 per student (from students) that was discontinued in 2008-2009 as an equity issue. Ms. Sargent and Ms. Story spoke about the community committees that worked on the activities issue when the second high school was opened, and Ms. Story said she would send the background on how the decisions were made.

Mr. Miller outlined the meeting calendar which showed the public participation involved and their plan to bring information forward to the Assembly.

Mr. Jones asked about the public comments in the packet and in general. Mr. Miller said there were pages and pages of comments, and a joint meeting of all of the site councils was held, there were facilitated discussion groups, and the comments in the packet were a summary of the comments received. In response to one of the public comments, he said shutting down Thunder Mountain High School does not save money and in the long term would cost money, so some suggestions were not practical.

Mr. Nankervis asked how other school districts in the state handling the budget issues. Mr. Miller said he had conversations with the other large school districts. He learned that there is Anchorage and there is everyone else. Anchorage thought they would be running a deficit, but were running at a \$22 million surplus, and would be able to absorb a one time hit. The rest were hurting. Matsus was growing, which helped their financial situation. Fairbanks was looking at major increases in pupil-teacher ratio (PTR). Everyone was looking at increases to PTR, with the exception of Anchorage. Fairbanks and Kenai were losing some students, similar to Juneau.

Mr. Jones asked about the financial effect of Montessori becoming its own school and Mr. Miller said it was a small benefit financially, approximately \$150,000 in savings.

Mr. Jones asked about combining grades in classrooms. Mr. Miller said those decisions were made by the school site. More students were assigned per grade in PTR. He explained different scenarios for class sizes.

Mr. Holst thanked the Assembly and the community for the strong support for education. There had been a slow steady increase in the rest of the spending in CBJ and the actual dollar amount spent for schools was \$1.3 million lower than it was a few years ago. He understood the need for cost cutting, but asked the Assembly to consider whether a disproportional cut to the schools was made.

Mayor Sanford said due to the amount of students in school, there were fewer dollars from the state, and at the CBJ level, so everyone was cutting spending. If the Assembly could prioritize the school alone, that would be easier than the way things are with competing needs.

Ms. Becker said she would like to see an additional amount of money to the school district based on the \$500,000 we did not give them last year, and if we cut even more this year, it would be so difficult

to catch up. She wanted to consider a supplemental funding scenario for this year.

Ms. Crane said that would be just that much more money that would be in the deficit next year.

Mr. Jones said Ms. Becker could support a mill increase.

Mr. O'Brien said there were not a significant number of fewer students, but it was more an issue of increased costs - such as cost of living, wage increases, etc. The lower student numbers was small. Mayor Sanford said it was still 600 students fewer than ten years ago.

Mr. Jones said even though there were students lost, there was an increase in kindergarten enrollment, and he asked about enrollment and private schools. Ms. Story said she would provide a report on enrollment from Greg Erickson which included information on school choice.

Mr. O'Brien said it was important to look at the total student body level vs. specific grades. Ms. Story said that it was job loss creating student loss and Mr. Kiehl said that was backed up.

There was general discussion about local students participating in alternative programs.

Mr. Nankervis said that the Assembly was trying to make it more appealing to live here through the economic plan and efforts towards affordable housing. Ms. Story said that parents made decisions about living in Juneau based on quality of schools and class sizes.

Ms. Worl said that the legislature asks during testimony on the school budget if a community supports to the cap. Graduation rates had increased, despite cuts, and that was significant. It was difficult to cut programs that are known to be working to increase the graduation rate.

Ms. Story said the state had flat funded for the past several years and it had been difficult.

Ms. Becker thanked the School Board for their attendance, participation and work. Mr. Miller acknowledged the work and the difficult decisions that the Assembly had to make.

Mr. Jones said he needed to know how much the funding would be to fund to the cap. He knew there were a lot of factors including what the legislature did and what the property assessments would be, so the sooner he knew the number of what the cap was and what the difference was, the better he would be able to assist.

B. Update on Senior Assisted Living

Sioux Douglas, the President of Senior Citizens Support Services, Inc., a non-profit organization that built Fireweed Place was present to speak to the Assembly. Also present was Marie Darlin, one of the original board members. Brian Holst, Amy Volz and Jim Scholl were present and had served on the task force to bring assisted living to Juneau. CBJ helped to fund the market demand study, which was linked from the JEDC website and a narrative about the study was included in committee packet. She said that Alaska has the fastest growing aging population of senior in the United States. There is a silver tsunami and we are trying to catch up and provide assisted living for seniors where none exists. We started as a task force of volunteers, now with SCSSI, and have done the demand study. We are approaching the pre-development stage. Many seniors prefer to stay in Juneau, in their homes, and that is not always possible as some homes are not adaptable, and many seniors were needing to leave families to find care. It was the right thing to do to keep seniors here, including the positive economic impact upon the community. The Juneau Economic Plan sites the benefit of keeping seniors in the community, including their wealth, contributions, wisdom and input into the community. Agnew Beck Consulting Firm in Anchorage partnered with Northern Economics and put together a good assessment of the needs. We need 56 beds today, and the numbers are projected out to year 2042. The Pioneer Home could only add 15 beds and that would not put a dent in the need. We can use the study to legitimize the need we know exists and to find investors. We are working hard to get conceptual drawings. The preferred model is a campus model, and if there

were enough property they suggest building an 80 bed facility, which provides basic daily assistance, including memory care. She spoke about including a new non-profit center (SAIL) on the campus for an economy of scale. A continuum of need is very common. They were not focusing on skilled nursing at this time. She spoke about the other amenities that would be on the campus, including a senior center, an on-site lab for UAS CNA training, a hair salon, etc.

The next steps were more feasibility and real pre-development tasks. They were looking at a pre-development program that would provide funding for those tasks. They need to acquire land, and would like to discuss this with the Assembly. The criteria on our matrix of needs for land included ownership, access, location, size, topography, bus, utilities within 200 feet, room for expansion, near fitness/shopping/pharmacy, hazards noted, site prep, natural light, drainage, wetlands, 15 minutes within emergency care, impacts to surrounding properties and zoning issues.

CBJ could help with the land. They needed to understand if CBJ could provide buildable land as a gift/trade/discount for purchase and they were getting to the point where this needed to be settled. There would always be a need for small assisted living homes and they want to encourage ways to incentivize people to be in that business. People in the Borough could do more to turn their homes into homes for elder care. More intensive in-home home care needed to be created as well. CBJ could advertise that this was a need and provide assistance to potential operators to apply for AHFC loans for small home operations, business plan assistance, and ways to collaborate with UAS regarding staffing. CBJ could create better liaisons with state agencies for the elderly.

Ms. Douglas spoke in favor of a CBJ housing coordinator. If there was a person on staff focused strictly on housing development and focusing on housing for seniors. CDD had so much going on and was not able to focus. That person could work with local experts to develop data/research into an action plan. Juneau was not unique, and we don't need to reinvent the wheel. She said CBJ had done a lot to help already and she thanked the staff for the open doors.

Ms. Crane asked if she had ideas of property in the Borough and Ms. Douglas said a favorite piece was not borough land but they are looking of a parcel of 2-4 acres in size.

Mayor Sanford asked if there were any rules or regulations that kept people from being the small mom and pop operations. Ms. Douglas said yes, it was daunting for some to adhere to the regulations, and if you want to be a medicare provider, with some public / some private pay, it is complicated. Mayor Sanford asked if there were any stumbling blocks in the CBJ code. Ms. Douglas said not to her knowledge, but forgiveness of taxes and fees would assist.

Mr. Nankervis asked for a definition of the level of care of assisted living and Ms. Douglas explained. Mr. Nankervis asked if there is so much need, why were there no private firms coming to Juneau to develop the facilities? Ms. Douglas said one firm from Southern California had come to look but they were not used to the cost to build and operate in Alaska as opposed to the lower 48. Because of the economy of scale it was tight to pencil out - but it was possible. Ms. Douglas said the market demand study would help. She encouraged the Assembly to be conveners to facilitate action.

The Assembly asked questions and Ms. Douglas answered. Ms. Becker thanked Ms. Douglas for bringing this information forward to the Assembly.

C. North Franklin Parking Lot Proposal

Mr. Kiehl stepped away from the meeting based on pre-determined conflict of interest.

Mr. Chaney said the CBJ lot was assessed at \$530,000 and there is a proposal to build housing on this lot. Steve Soenksen provided a letter in the packet about a fee simple sale without a reversion clause. Mr. Chaney said staff initially thought it was working with a group of independent investors, but this a group that was seeking financing. The lending institution wanted the collateral if things did not go right. We expected to sell this and have a mix of retail and commercial. If sold without a reversion clause, CBJ would have no control over the outcome of the sale and what would be built on

the lot, if anything. If the Assembly was comfortable with this he could negotiate a sale. This lot was a valuable community asset functioning as parking right now. The lot was purchased with the intention of building a parking facility on the site, but there were other options. He asked for Assembly direction.

Ms. Gladziszewski asked for background and Mr. Chaney said that Juneau Legacy Properties approached CBJ with a proposal, he brought it to the Assembly, the Assembly asked for other proposals - a solicitation for proposals was issued for a 30 day period but there were no other proposals received.

Mr. Jones spoke about the Baranof's interest in the property and its current use of the property as parking for their business at night. Mr. Chaney said that the Baranof had indicated interest in a purchase of the property.

Ms. Crane said she was not ready to let this property and its future potential uses go. Parking was important to all of downtown and she was not ready to let the parking go.

Ms. White said she spoke with the Law Department and indicated a conflict of interest, and hearing no objection was excused from the meeting.

Mr. Nankervis said he was not interested in letting the lot go without a reversion clause.

Ms. Gladziszewski said the highest need downtown was housing and she spoke in favor of this type of development that would add housing and parking. There were two parking garages downtown now.

Mr. Jones said he would not argue to sell it for this purpose. This is a lot we have control over. He spoke about the Gastineau Apartments, the VFW lots, the soon to be empty First National Bank, and said the city had no control over those. Housing was needed and the city had one piece of property under its control but the discussion continues about a need for parking and there doesn't seem to be the will to move forward. Builders tell us to get public property into private hands and here is an opportunity. He had no problem putting it out to bid to the highest bidder and the purchaser would have control over what they put up.

Ms. Becker was in favor of selling it to the group but was concerned about having no guarantee of housing. Mr. Jones said the only barrier to housing in this case is the Assembly. Selling this can get development, property taxes.

Ms. Gladziszewski asked if there were alternative ways for them to get funding.

Ms. Kiefer said CBJ could put out a request for proposals again.

Ms. Crane said suggested doing so and providing more time to proposers to see what the possibilities were.

Mr. Sanford said the property was being inefficiently used now and supported going out with another solicitation.

Ms. Becker, Ms. Gladziszewski and Mr. Nankervis were all supportive of issuing a request for proposals requesting a housing development.

MOTION, by Gladziszewski, to ask the lands manage to go back out with a similar proposal for mixed use and housing with a longer timeline.

Ms. Kiefer suggested that the Lands Committee review the proposal before it goes out. Mr. Chaney suggested an opening of 60 days.

Roll call:

Aye: Becker, Jones, Gladyszewski, Nankervis, Sanford.
Nay: Crane
Abstain: Kiehl, White
Motion passed, 5 ayes, 1 nay.

Mr. Kiehl and Ms. White rejoined the meeting.

V. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

Ms. Crane, Ms. Becker volunteered to serve on the First Lady's committee - March 5 or 6, Noon meeting at governor's mansion.

Mr. Jones suggested sending a representative from the Juneau Human Rights Commission - we need to acknowledge them - at least their chair - to get them involved. Ms. Gladyszewski said she could go this week but could not volunteer for a committee.

VI. ADJOURNMENT

There being no further business to come before the committee, the meeting adjourned at 8:45 p.m.

Submitted by Laurie Sica, Municipal Clerk