

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

October 6, 2014, 6:00 PM.
Municipal Building - Assembly Chambers

Worksession - No public testimony will be taken.

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, Loren Jones (telephonic), Jesse Kiehl, Jerry Nankervis, Merrill Sanford, Carlton Smith, Kate Troll and Randy Wanamaker.

Assemblymembers Absent: None.

Staff present: Kim Kiefer, City Manager; Rob Steedle, Deputy City Manager; Laurie Sica, Municipal Clerk; Kirk Duncan, Public Works Director; Samantha Stroughtenger; Wastewater Superintendent; Michele Elfers, Engineer/Architect.

II. APPROVAL OF AGENDA

Hearing no objection, the agenda was approved as presented.

III. APPROVAL OF MINUTES

A. September 22, 2014 Committee of the Whole Meeting Minutes

Hearing no objection, the minutes of the September 22, 2014 Committee of the Whole meeting were approved as corrected on page 5, 2nd graph, line 6, removing repetitive language.

IV. AGENDA TOPICS

A. Tobacco Tax - Presentation from National Council on Alcohol and Drug Dependency

Kristin Cox, Naturopath representing the National Council on Alcohol and Drug Dependency (NCADD), spoke about the effects of tobacco taxes and said as the cost of tobacco increases, the rate of consumption decreases. She summarized Juneau's tobacco tax history. She spoke about the support for tobacco tax increases, and the effect of a 20% increase. The average cost of a pack of cigarettes in Juneau was \$9 a pack, which included a \$2 Alaska State tax and a \$1 local tax. She said the direct medical and indirect productivity costs in Alaska of smoking were \$19 a pack. She gave information on the cost of cigarettes and taxes in other communities in Alaska. Petersburg would be voting on a tax increase on the 2014 ballot, which included taxing e-cigarettes. She said most states were prohibited from raising cigarette taxes locally. The FY13 actual total revenue at \$1 tax per pack was \$1,446,400. An additional \$2 local tax (a local tax total of \$3 per pack) would generate \$4,339,200. She estimated that the actual anticipated revenue would be closer to \$3,904,208 to account for a decrease in consumption.

Dr. Cox said NCADD recommended the Assembly increase the tax and that the revenues be used for prevention services. Currently the funds were used for the social service block grants, Bartlett Regional Hospital and the general fund. She said that Parks and Recreation was an appropriate use of "prevention" funds. The Assembly had the authority to raise the tax by a motion of the Assembly and she cited a Supreme Court decision from August 29, 2008, that upheld a Mat-Su Superior Court decision that found a borough's state granted general taxation powers included passing an excise tax without voter approval. The public could pass such a tax through a ballot initiative, which required a significant effort and could be divisive in the community. Youth consumption of tobacco was "price

sensitive" and the elimination of youth smoking translated into the elimination of adult smoking.

The Assembly asked questions of Dr. Cox, Matt Felix of NCADD and Ms. Kiefer. There was some discussion of including taxation of e-cigarettes in the tobacco excise tax.

***MOTION**, by Sanford to refer the issue to the Finance Committee to investigate the answers to questions raised.*

Mr. Wanamaker supported preparation of an ordinance to increase taxes on smoking and non-smoking tobacco and said the ordinance should include intent language that outlined that the funds should be spent on health related purposes. He said if passed, he hoped to see an increase in funding for social service programs.

Hearing no objection, it was so ordered. Ms. Becker thanked Dr. Cox for her presentation.

B. Biosolids Treatment and Disposal Evaluation, Phase II Update

Ms. Kiefer introduced Michele Elfers, Engineering, and Samatha Stroughtenger, Wastewater Superintendent, who presented information included in the Final Report on Biosolids Treatment and Disposal Evaluation - Phase II, by CH2M Hill, dated September, 2014. Ms. Stroughtenger provided some historical perspective on the treatment plants. Michele Elfers said the current process to ship biosolids was problematic and the costs were rising. It currently costs \$2 Million per year to ship 7000 wet tons of biosolids out of Juneau. Uncertainty over environmental regulations, and issues with odors and leaking containers were leading to an unstable long-term solution. CBJ has a contract with Waste Management to accept and ship the biosolids.

CBJ hired CH2M Hill to look at the problem and identify possible solutions. The goal is to produce a dryer product, and less of it - one that is classified as a Class A biosolid. The preferred alternatives identified were narrowed down to four options: 1) maintain status quo, 2) thermal dryer, 3) thermal dryer with heat recovery furnace, and 4) thermal oxidation / incinerator. Ms. Elfers said that the Tetra Tech Study of 2013 outlined ten alternatives, but staff met internally and identified priorities for public and staff health and safety. Handling lime was considered a risk and that option fell off the list. Reducing the volume is important. The first phase was a process of gathering information, understanding the situation, the impact of a lack of land to address the problem, and it was determined that there are really only three - four options that make sense.

The Assembly expressed concerns about a lack of basis for how some of the decision made by staff were made, and that the Assembly had not had a role in narrowing down the list of options. Ms. Elfers explained Class A as opposed to Class B biosolids and provided examples of both in containers for the Assembly to see. She said she would provide the Assembly with a memo that was presented to the Public Works and Facilities Committee meeting at an earlier date at which this topic was discussed. Ms. Stroughtenger said the goal was to provide a stable, long term biosolids disposal option. She explained the EPA definitions of emerging technologies and the staff was concerned about the risk involved with technologies not considered established by the EPA. With the status quo option there were risks with the cost increases and variables in shipping rates. She discussed the analysis of all four options and said that staff's recommended alternative was installation of a thermal dryer with a heat-recovery furnace. The cost was projected at \$28.7 Million for capital investment with a \$664,000 annual operating cost. The advantages to this alternative included:

- 1 Lowest O&M costs
- 1 Usable fuel/fertilizer or low volume ash end-product
- 1 Simple disposal options with minimal restrictions
- 1 Smallest carbon footprint
- 1 Juneau solution to a Juneau problem

The next steps would include funding (by revenue bonds, grants and loans and approved utility rate increases), site visits by staff to operating facilities, review by CBJ committees (including the Juneau

Commission on Sustainability, the Planning Commission and the COW) and public outreach.

The Assemblymembers asked several questions about the processes, the location for the proposal, odors, alternative methods and the process of arriving at the study's recommendation. Mayor Sanford said the recommendation only took care of one quarter of the waste stream, and wanted to know about how it fit into the larger picture. He asked about incinerator technology for combined waste and biosolid disposal. Ms. Elfer said that the consultants did not believe there was enough waste in Southeast to efficiently run such a system. The other issues were regulation and risky technology. Mayor Sanford said the Navy used smaller incinerators on their ships, as an example, and he did not want to overlook any option. The Assembly expressed concerns about the cost, about taking part of a step that could preclude other options, the possibility of future technologies providing better solutions, and the interest in getting more analysis of the current options and other options, including working with the private sector to provide a solution. Ms. Elfers said there was an RFP to private entities to deal with biosolids about a year ago and there were proposals that were given to us and the location proposed did not seem realistic. The timeline did not consider permitting and the city was not comfortable accepting the solution - due to permitting and adjacent land use issues. Mr. Steedle said the risk was too high in the option proposed - but the Assembly was now asking a different question - how to look at the entire waste stream, and this had not been done.

Mayor Sanford said he wanted to know if there were private companies could provide a solution. Ms. Becker said that \$28 million for a piecemeal project was too much. In response to a question from the Assembly, Ms. Elfers said that to get more detail on other alternatives from the consultant would come at a significant cost and amount of time. She said that staff should have spent more time revisiting the previous study and staff could do so to more clearly outline why some alternatives were eliminated, without spending more time and money. The Assembly indicated that information would be helpful.

V. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

VI. ADJOURNMENT

There being no further business to come before the committee, the meeting was adjourned at 7:50 p.m.

Submitted by Laurie Sica, Municipal Clerk