

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, April 20, 2022, 5:30pm

I. CALL TO ORDER

The meeting was called to order at 5:35 pm by Mayor Weldon.

II. ROLL CALL

Committee Members Present: Mayor Beth Weldon; Maria Gladziszewski; Greg Smith; Christine Woll; Michelle Bonnet-Hale; Alicia Hughes-Skandijs (*joined at 5:48pm*); Wade Bryson

Committee Members Present Virtually: None

Committee Members Absent: Chair Carole Triem; Wáahlaal Gíidaak

Staff Members Present: Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst; Carl Uchytel, CBJ Port Director; Alexandra Pierce, CBJ Tourism Manager

Others Present: Liz Perry, Travel Juneau President & CEO; McHugh Pierre, Goldbelt President & CEO

III. APPROVAL OF MINUTES

The April 13, 2022 minutes were approved as presented.

IV. AGENDA TOPICS

a. Docks & Harbors

Mayor Weldon introduced Carl Uchytel, CBJ Port Director, who presented packet pages 7-21.

Mr. Uchytel briefly summarized key highlights of FY21 and FY22 listed on packet page 8. He noted that the Docks Enterprise will expend \$800,000 of Docks fund balance due to revenue losses directly resulting from COVID-19. The Harbor Enterprise was able to meet all fiscal obligations by significantly cutting costs on maintenance projects and seasonal workers. This coming year, Mr. Uchytel noted that a 40% increase in personnel is necessary because of updated United States Coast Guard Facility Security Plan requirements. Docks and Harbors is required to provide security by non-funded mandate, meaning CBJ must fund those positions.

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Mr. Uchytel reviewed the Docks Proposed Budget on packet page 9 and explained that the Docks fund balance is projected to trend positively in FY23 and FY24 mainly because of the increased Marine Passenger Fee (MPF) support. The \$300,000 increase in MPF is intended to fund mandated security personnel. Mr. Uchytel clarified for the Committee that the personnel services proposed budget for FY23 and FY24 for both Docks and Harbors does not include the anticipated revenue increases that may result from ongoing collective bargaining negotiations.

Mr. Uchytel noted that the top eight (8) expenditures listed on packet page 12 makes up 92% of the budget for the Docks Enterprise meaning they have very little discretionary expenditures.

Assemblymember Hughes-Skandijs joined the Committee at 5:48pm.

Mr. Uchytel briefly summarized the Harbors Enterprise budget on packet page 14.

Mr. Uchytel briefly noted that Docks and Harbors has invested in a rate study for downtown harbors and cruise ship docks solicited through a large engineering company called HDR with a home office in Anchorage. A first draft will be available to the Docks and Harbors Enterprises sometime in May 2022.

Mr. Uchytel reviewed FY23 and FY24 anticipated fees to CBJ on packet page 20 and specifically noted that property insurance rates will increase 210%. In response to Assemblymember Smith's question about whether Docks and Harbors explored other lower payment insurance avenues, Jeff Rogers, Finance Director, explained that Docks and Harbors is not likely to find lower rates through third party insurance as dock infrastructure is difficult and expensive to insure all around. He further explained the increase in insurance rates reflects higher deductibles, higher premiums, anticipated large insurance claims, and compensation for a multi-million dollar negative fund balance for property in CBJ.

Mr. Uchytel answered Committee questions.

Motion: by Assemblymember Gladziszewski to accept the Docks & Harbors Budget.

Motion passed by unanimous consent.

b. Passenger Fee Plan – For Review

Mr. Rogers introduced Alexandra Pierce, Tourism Manager who presented packet pages 22-24.

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Ms. Pierce stated that the memo on packet page 22 is a thorough review of the passenger fee plan proposal. She briefly explained reasoning behind budgeting for the FY23 capital projects on packet page 23 and answered Committee questions. She explained the CBJ Municipal Services Budget is based on the cost allocation prepared by Matrix Consulting, which was an outcome of the Cruise Line Industry Association (CLIA) settlement. The Proposal also includes funding for third-party visitor services grants, including Travel Juneau, Tourism Best Management Practices (TBMP), Downtown Business Association, and two private docks. Ms. Pierce stated that she would send a full breakdown of the Municipal Services budget to the Assembly per Assemblymember Smith's request.

Ms. Pierce clarified that the Circulator Plan has been on the budget for quite a long time citing that the first feasibility plan was drawn up in 1984. However, no other feasibility plan has occurred in recent years.

Assemblymember Hughes-Skandijis asked how docking fees/birthing fees for private docks compare to city fees. Ms. Pierce noted that the city will know more about dock fees after the rate study that Docks and Harbors is currently funding. She is hopeful that dock fees will adjust accordingly as a result of the study.

Ms. Pierce stated that budget reflects funds from 1 million passengers. If there are more passengers than anticipated, funds will likely go to projects that were not funded in FY21 due to reduced passenger fee revenue from the pandemic. Ms. Pierce also noted that they carried a negative \$3.5 million fund balance into FY23.

The Committee elected to wait for the CBJ Municipal Services Budget breakdown before approving the passenger fee budget.

Ms. Pierce answered Committee questions.

The Committee recessed at 6:34pm.

The Committee reconvened at 6:45pm.

c. Hotel-Bed Tax Funding

Mr. Rogers presented packet pages 25-26 and stated that further information is in the FY23-24 Proposed Budget Book introduced April 4, 2022 (Budget Book) page 67.

Mr. Rogers reminded the Committee that total Hotel Bed Tax in CBJ is 9% for all stays less than 30 days. The public voted to change the Hotel Bed Tax from 7% to 9% in January 2020 with intent for 2% of funding to go toward Centennial Hall capital improvements.

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Mr. Rogers noted that CBJ will have excess Hotel Tax fund balance at the end of FY22 since the Finance Department under forecasted the Hotel Bed Tax in the beginning of the year. This could give CBJ a cushion for any unexpected underperforming years.

Mr. Rogers answered committee questions.

d. Travel Juneau

Liz Perry, President and CEO of Travel Juneau and McHugh Pierre, Goldbelt President & CEO presented packet pages 27-42.

Ms. Perry briefly reviewed marketing trends in FY21 versus FY22 to date detailed on packet page 33-34. Mr. Pierre noted that the Travel Industry has strategically targeted specific cities in the top five states of frequent visitors to Alaska in an effort to bring younger Americans (age demographic 25-34) to Alaska in the future. He explained that marketing Alaska as an “active outdoor adventure” and “responsible outdoor, spaced-out, recreation” was a successful strategy for FY22.

Ms. Perry reviewed the FY23 Travel Juneau Budget on packet pages 37-39. She noted that this budget tracks special projects more specifically so that future grant activities and/or TBMP special projects are more easily tracked.

Ms. Perry stated that Travel Juneau is committed to honor the Assembly’s past request of generating more earned income than grant funded income and noted that the budgeted earned income for FY23 is nearly 35% as part of that commitment.

Ms. Perry explained that Juneau is an increasing destination of interest for conventions and trade shows, so many of their expenses and resources are going toward convention marketing. She also noted that Travel Juneau is focusing resources in high media production and digital marketing because it is easily trackable and considerably more useful for data collection. The aim is to continue to draw the younger demographic.

Ms. Perry and Mr. Pierre answered committee questions.

Motion: by Assemblymember Gladziszewski to accept the Travel Juneau Budget.

Motion passed by unanimous consent.

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e. Updated AFC Schedule for FY23 Budget

Mr. Rogers noted that further adjustments to the schedule will be reflected in the update at the AFC meeting April 27, 2022.

Mr. Rogers reminded the public that the Assembly will take public testimony for CBJ, the Juneau School District, the Capital Improvement Plan (CIP), and the Mill Rate Ordinance on Monday, April 25, 2022.

Assemblymember Hughes-Skandijs reminded the Committee that proposed CIP amendments are due to the Finance Department from the Assembly by April 25, 2022.

V. NEXT MEETING DATE

a. April 27, 2022

VI. ADJOURNMENT

The meeting was adjourned at 7:15pm.