City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, April 13, 2022, 5:30pm

I. CALL TO ORDER

The meeting was called to order at 5:36 pm by Carole Triem, Chair.

II. ROLL CALL

Committee Members Present: Chair Carole Triem; Mayor Beth Weldon; Maria Gladziszewski; Greg Smith; Wáahlaal Gíidaak; Michelle Bonnet-Hale; Wade Bryson

Committee Members Present Virtually: Christine Woll

Committee Members Absent: Alicia Hughes-Skandijs

Staff Members Present: Rorie Watt, City Manager; Robert Barr, Deputy City Manager; Robert Palmer, City Attorney; Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst; Katie Koester, Public Works and Engineering Director; John Bohan, Chief Engineer; Dr. Bridget Weiss, Juneau School District (JSD) Superintendent; Cassee Olin, JSD Director of Administrative Services

Others present: Dr. Elizabeth Siddon, JSD School Board President

III. APPROVAL OF MINUTES

The April 6, 2022 minutes were approved as presented.

IV. AGENDA TOPICS

a. Juneau School District (JSD)

Jeff Rogers, Finance Director, introduced Dr. Bridget Weiss, JSD Superintendent, Dr. Elizabeth Siddon, JSD School Board President, and Cassee Olin, JSD Director of Administrative Services.

Dr. Siddon thanked the Assembly for continued funding of more than $27 million in general operation support to the cap in FY22 and outside-the-cap funding for food services, transportation and other student activities. She stated that she hopes the Assembly will continue to support JSD by funding to the cap in FY23.

Dr. Weiss reviewed JSD's budget process outlined on packet page 31 and specifically highlighted that advocacy on the hill for adequate operating funding from the state is an integral part of the process. She reminded the Committee that the FY22 budget and FY23-24 budgets include federal dollars from the Elementary and Secondary School Emergency Relief Fund (ESSER) specifically for COVID-19 recovery. She stated that the school board used a "scaffolding approach" for allocating ESSER federal funds to spread dollars out over time since future federal funding is uncertain. Dr. Weiss reviewed planned ESSER fund expenditures in COVID-19 Recovery programming on packet page 32.

In response to Mayor Weldon's question regarding how the JSD planned to continue funding certain programs like summer school, trauma support, and IT support once ESSER funding ceases, Dr. Weiss reiterated the importance of effective advocacy on the hill for funding. She stated that the JSD has been under funded for many years and the ESSER funds allowed allocation for resources supporting the increasing needs of the student body as operating funds decreased. Dr. Weiss clarified that the decision to stretch ESSER funding across FY22-24 was in anticipation of a potential struggle for sufficient operating funding from the state. Dr. Weiss explained that funding can be difficult to achieve when extraordinary needs are not tangible "things" like supplies or assets but, instead, are actual human resources for the JSD community's learning and social needs. The JSD Board is hopeful additional funding will be acquired over FY23-24 to continue supporting COVID-19 recovery inspired programs.

Ms. Olin presented and reviewed data on packet pages 33-37.

Ms. Olin explained the "6% PERS/TRS on-behalf" of the FY23 Operating Revenues on packet page 34 is a statute that must be booked in JSD budgets and audits in consequence of a statistical error made in 2008. She stated that the money cannot be expended and is a "net effect", meaning that JSD receives funding from the State that is immediately disbursed as on-behalf contributions towards the Public Employees' and Teacher retirement systems. She also noted that the numbers in the JSD budget on packet pages 18-27 reflect this statute, meaning the actual operating resources available are $62.4 million ($66.4 million less 6%).

Ms. Olin clarified the 1% of FY23 Operating Revenues includes the E-rate (a federal reimbursement for internet services), Medicaid reimbursement, and pre-school tuition.

Ms. Olin reviewed the Local Contribution Change (AS 14.17.410) detailed on packet page 35 resulting in a $1.2 million increase in local contribution to the cap. She noted that this is one of the biggest changes affecting the JSD budget brought on by the significant decrease in student enrollment and resulting decrease in state aid in combination with the increase in property value across the city.

Ms. Olin reviewed packet page 36 and Dr. Weiss noted that JSD board policy usually encourages a fund balance larger than FY23's projected $622,000 at the end of the year. However, to meet rising needs, the Board opted to keep the fund balance low. She reminded the Committee that, last year, the JSD Board budgeted down to a $0 fund balance which they agreed is unsustainable for the next few years.

Ms. Olin and Dr. Weiss reviewed funding requests for outside the cap on packet page 37. In response to committee questions, Dr. Weiss clarified that the *Learn to Swim* program was a requirement of the bond under which it was originally funded. It is no longer funded by that bond, but JSD wishes to continue the program as they believe the ability to swim is a necessary safety precaution in Southeast Alaska.

Dr. Weiss answered clarifying questions about budgeting for the RALLY program and the struggles around balancing costs of operation and affordability for parents. The reduced rate for RALLY is $575 for before and after-school care and the rate could change again before August.

Dr. Weiss reminded the Committee that federal support for free meals is ending and therefore, the JSD will return to normal operations which includes a free hot breakfast for each student and a lunch program that includes a sliding scale of full price lunches, reduced price lunches, and free lunches.

Mr. Rogers presented pages 106-107 of the FY23-24 Proposed Budget Book introduced April 4, 2022 (Budget Book) for reference and cited corrections to packet page 16.

Under FY22 Revised Budget, the *General School Operations* amount of $27,264,600 should be corrected to $27,228,800 as a transfer outside the cap was just processed which reduced the amount subject to the cap. Therefore, the difference between the FY22 and FY23 educational requests is $1,262,400.

There should be $50,000 listed in the change column for *Learn to Swim* and the rest of the column down should be re-calculated to reflect that addition. Also, the calculation for $2,071,500 under FY22 Revised Budget in *Total Requests Outside the Cap* does not include the supplemental appropriations adopted on March 14, 2022: Ordinance 2021-09(A) appropriating $10,000 for ice time and Ordinance 2021-09(B) appropriating $35,750 from under the cap to activities outside the cap. With these corrections, *Total Requests Outside the Cap* in FY22 is $2,117,300. The difference between FY22 and FY23 *Requests Outside the Cap* is $157,700 which will be reflected on the Decision List scheduled for review on May 11, 2022 as an additional request for funding outside the cap.

$1,262,400 of additional General Fund support up to the cap is already calculated in the Manager's Proposed Budget (Budget Book pg. 224).

Mr. Rogers clarified that the numbers on Budget Book pages 106-107 regarding JSD funding and expenditures are correct.

Chair Triem noted that no action relating to the JSD budget is required of the Committee tonight. JSD's Budget Ordinance 2022-07 will be publically heard at the April 25, 2022 Assembly meeting, at which time the Assembly will be required to make a motion to establish the local funding amount for School District operations. Final decisions relating to the outside the cap amount will need to be made during the May 11, 2022 Assembly Finance Committee meeting prior to adoption of the JSD budget ordinance on May 16, 2022.

b. Capital Improvement Plan (CIP) – For Review

Katie Koester, Public Works and Engineering Director, presented packet pages 41-53. She summarized the CIP Process and Funding Categories and stated that the process is more detailed in the memo on packet pages 39-40.

Ms. Koester briefly reviewed allocations of the Voter Approved 3% Sales Tax, General Sales Tax Funds and Areawide Street Sales Tax. In response to Assemblymember Hale's question, Ms. Koester clarified that about $1.7 million out of approximately $10.5 million that makes up 1% of Voter Approved 3% Sales Tax is allocated to general government operations. She stated that most of the funding from Areawide Street Sales Tax goes to street maintenance, but there is also intent for scoping and planning for small community projects.

Ms. Koester reviewed the Voter Approved Special 1% Sales Tax approved through September 2023. She stated these taxes are intended to fund a few specific CIPs the community approved over a five-year period. Ms. Koester noted that the Marine Passenger Fees funding is still in the Assembly process, so projects in this category are placeholders until funding is approved. Assemblymember Hale and Ms. Koester both clarified that Sales Tax Funds are subject to appropriation and may not be allocated as originally intended.

Ms. Koester stated that the FY23 CIP is mostly maintenance, but she specifically highlighted $400,000 intended for Affordable Housing.

John Bohan, Chief Engineer, responded to Committee questions about maintaining a single CIP priority list. He presented page 21 in the CBJ Capital Improvement Plan FY23-28 Book prepared March 7, 2022 (CIP Book) to review the Six Year Department Improvement Plans. He clarified that a form of the Legislative Priorities list exists in the *FY Future* category for projects that do not have a set year for funding.

Assemblymember Hale asked about maintenance of damaged city sidewalks and staircases and Mr. Bohan expressed that the Engineering Department has more projects to complete and maintain than it has adequate funding. He stated that the city is likely going to continue "band-aid" repairs of stairways that should eventually be completely rebuilt. He explained that certain projects are completely halted because of lack of worker and contractor availability.

Chair Triem asked why the Docks and Harbors Enterprise did not have any CIP funding requests. Mr. Bohan clarified that CIP funding does not lapse, so Docks and Harbors is still working on smaller projects with the CIP funding they already have. He also clarified that Docks and Harbors is very short on funding this year, and if a major project were to come up, they would likely request a supplemental appropriation to fund it.

Mr. Bohan answered Committee questions.

Mr. Rogers directed the Committee to pages 75-76 in the Budget Book for a summary of the FY23 CIP and past year comparisons. He specifically noted that, while there are no projects funded by Docks and Harbors funds, there are two projects funded by Passenger Fees for the Docks enterprise: marine station weather monitoring and dock electrification.

Mr. Rogers answered Committee questions and instructed the Committee in where to look in the Budget Book to gain clarity on specific CIP funding allocations.

Mr. Rogers recommended that any amendments to the CIP be given to the Finance Department by April 25, 2022 to be ready for the Committee to review by May 4, 2022.

V. NEXT MEETING DATE

a. April 20, 2022

VI. ADJOURNMENT

The meeting was adjourned at 6:56pm.