City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, May 5, 2021

I. CALL TO ORDER

The meeting was called to order at 5:30 PM by Carole Triem, Chair.

II. ROLL CALL

Committee Members Participating Virtually: Mayor Beth Weldon; Carole Triem, Chair; Loren Jones; Alicia Hughes-Skandijs; Wade Bryson; Michelle Bonnet Hale; Maria Gladziszewski; Christine Woll

Committee Members Absent: Greg Smith

Staff Present Virtually: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst; John Bohan, Chief Capital Improvement Project Engineer; Rob Palmer, City Attorney

Others Present Virtually: Brian Holst, Juneau Economic Development Council Executive Director; Midgi Moore, Downtown Business Association President; Steve Behnke, Alaska Heat Smart Board President; John Pugh, Juneau Park Foundation Board Vice Chair

III. APPROVAL OF MINUTES

a. The April 28, 2021 minutes were approved as presented.

Chair Triem suggested an agenda change to move the Items for Action topics after the Budget Request Presentation topics. Hearing no objections, the agenda change was approved.

IV. ITEMS FOR DISCUSSION

a. Capital Improvement Plan Review

Mr. Rogers stated that the Capital Improvement Plan (CIP) was already presented to the Committee during the April 7, 2021 meeting, and has been included again on this agenda so that the Committee could address questions or make changes to the plan.

<u>Motion:</u> by Mayor Weldon to direct staff to lapse $1.5 million for the Sayéik Gastineau School roof replacement in FY21 and ask for unanimous consent. Motion passed by unanimous consent.

Motion: by Mr. Bryson to remove $3.3 million for the Augustus Brown Pool renovation project from the FY22 CIP.

Objection: by Ms. Hughes-Skandijs, Ms. Hale, Mr. Jones, and Mayor Weldon.

Roll Call Vote:
Ayes: Bryson, Gladziszewski
Nays: Woll, Hughes-Skandijs, Hale, Jones, Weldon, Triem

Motion failed. Two (2) Ayes, Six (6) Nays.

Motion: by Mayor Weldon to send CIP Resolution 2937 to the full Assembly for adoption.

Motion passed by unanimous consent.

V. BUDGET REQUEST PRESENTATIONS

a. Downtown Business Association

Midgi Moore, Downtown Business Association (DBA) President, presented a funding request on behalf of the DBA to the Committee. DBA is requesting $75,000 in FY22 to support and advocate for Juneau's downtown businesses and residents, as well as to foster a safe downtown community. She explained that in 2019 there were 160 paying members, and in 2021 there are only 96, resulting in reduced revenues for DBA. Ms. Moore listed the many accomplishments of the DBA in its mission to make Juneau a desirable tourist destination, and also noted what can be expected of the organization in 2021.

Mr. Watt and Ms. Moore responded to committee questions.

Motion: by Mayor Weldon to fund $75,000 of general funds for the DBA as a non-recurring grant in FY22.

Motion passed by unanimous consent.

b. Alaska Heat Smart

Steve Behnke, Alaska Heat Smart (AKHS) Board President, presented his FY22 funding request to the Committee. AKHS is requesting $110,000 of CBJ funds for FY22 operations to expand the heat pump and energy efficiency advice and technical assistance program to Juneau homeowners and businesses. This grant would be combined with $40,000 of unspent carry-forward funds from FY21, along with $10,500 from outside funding commitments for a total operational budget of $160,500. Additionally, Mr. Behnke requested an increment of $25,000 as a credit enhancement to allow AKHS to expand their heat pump loan program. Mr. Behnke stated that AKHS had a successful first year, and was able to provide assistance to over 460 Juneau homeowners and businesses. AKHS was able to develop Thermalize Juneau, Alaska's first thermalized heat pump purchase program, and also maintains two successful partnerships with the Juneau Carbon Offset Fund and True North Federal Credit Union.

Mr. Jones stated that he does not find the loan program to be entirely equitable, as it serves a smaller portion of the Juneau population who are financially secure enough to afford a personal loan and pay interest in a timely manner, whereas most government projects target a wider group of people.

Mr. Watt stated that AKHS is arguably not the vehicle for lower income homes, but rather is used for educating contractors to understand the complexities of installing heat pumps. Mr. Watt stated that lower income installations are being covered by the Juneau Carbon Offset Fund.

Mr. Behnke responded to committee questions.

Motion: by Ms. Gladziszewski to move lines 11 and 12 on the pending list (packet page 5) for $135,000 for AKHS as a non-recurring grant in FY22.

Objection: by Mr. Jones and Ms. Hale.

Amendment: by Ms. Hale, to amend Ms. Gladziszewski's motion by reducing the grant amount to $80,000 of general funds for operations and hold the $25,000 credit enhancement request until the loan program is in need of additional support.

Objection: by Mr. Bryson and Ms. Gladziszewski.

Roll Call Vote on Amendment:
Ayes: Hughes-Skandijs, Hale, Jones, Weldon
Nays: Woll, Bryson, Gladziszewski, Triem

Motion failed. Four (4) Ayes, Four (4) Nays.

Roll Call Vote on Original Motion:
Ayes: Woll, Hughes-Skandijs, Bryson, Hale, Gladziszewski, Triem, Weldon
Nays: Jones
Motion passed. Seven (7) Ayes, One (1) Nay.

Motion: by Mayor Weldon to approve the $40,000 of general funds carry-forward from FY21 to FY22 for AKHS.

Motion passed by unanimous consent.

The Committee recessed at 6:56 PM.
The Committee reconvened at 7:10 PM.

c. **Juneau Park Foundation**

Mr. Pugh, Juneau Park Foundation Board Vice Chair, presented a request for a $15,000 grant from CBJ for Neighborhood Challenge Grants. Mr. Pugh explained that these funds would expand the Juneau Park Foundation's ability to assist CBJ in raising contributions for local park improvements.

Mr. Pugh responded to committee questions. In response to committee questions, Mr. Rogers clarified that this grant would be in the operating budget, and the reference to Neighborhood Challenge Grants should be removed from the Capital Improvement Plan.

Motion: by Mayor Weldon to fund the Park Foundation's one-time funding request of $15,000 of general funds in FY22.

The motion passed by unanimous consent.

VI. ITEMS FOR ACTION

a. **Manager's Passenger Fee Proposal**

Mr. Watt presented a proposal for the expenditure of passenger fees in FY22 to the Committee. Mr. Watt proposed that CBJ expend passenger fees only on debt service and the cost of core city services, as many of these services are unavoidable. Mr. Watt stated that a record number of visitors is predicted for the summer of 2022, and Juneau will only be able to accommodate such a high number of visitors if core city government is sustained. He further noted that, where possible, core city service costs funded by passenger fees have been reduced for the 2021 summer.

With no anticipation of passenger fee revenue for the summers of 2020 and 2021, budgeted expenditures will leave the two passenger fee funds with a deficit at the end of FY21. Mr. Watt stated that the Committee will have three options: a) to allow passenger fee funds to go negative in FY21 and FY22 until such time that future revenues bring fund balances positive, b) to formalize the indebtedness of passenger fee funds via an Inter-Fund Loan, or c) to subsidize passenger fee costs with general funds, though staff does not recommend this option.

The Committee discussed the proposal.

Motion: by Mayor Weldon to add $250,000 to the passenger fee proposal for the purpose of implementing the Visitor Industry Task Force's recommendation for a full-time tourism manager position and related costs in FY22.

Objection: by Mr. Jones.

The Committee discussed the motion. The general consensus was that the Committee would feel more comfortable moving forward with this funding if a more comprehensive plan were brought to them detailing what the funds would be used for, and what the needs of the position would be.

Mayor Weldon withdrew her motion.

Motion: by Mr. Jones to include $3,000 of marine passenger fees for Tourism Best Management Practices in the FY22 budget.

Motion passed by unanimous consent.

Motion: by Mayor Weldon to allow passenger fee funds to go negative in FY21 and FY22 until passenger fee revenue returns and restores the balances to the positive.

Motion passed by unanimous consent.

Motion: by Mr. Jones to accept the manager's passenger fee proposal with the amendment for Tourism Best Management Practices.

Motion passed by unanimous consent.

b. **Pending List**

Mr. Rogers presented the updated FY22 pending list on packet page six. Mr. Rogers stated that the pending list will continue to be used as a running tally for the Committee during the budget process to better understand the combined fiscal impact of their decisions.

Motion: by Ms. Gladziszewski to approve $700,000 for Affordable Housing Grants in the FY22 budget.

Motion passed by unanimous consent.

Motion: by Ms. Hale to approve funding for an update to the Juneau Economic Plan, as presented during the March 3, 2021 Assembly Finance Committee (AFC) meeting.

Objection: by Ms. Hughes-Skandijs and Ms. Gladziszewski.

Roll Call Vote:
Ayes: Woll, Bryson, Hale, Jones, Weldon, Triem
Nays: Hughes-Skandijs, Gladziszewski

Motion passed. Six (6) Ayes, Two (2) Nays.

Motion: by Mr. Jones to add Assembly compensation to the FY22 pending list for consideration, and direct the finance department to determine an appropriate dollar amount.

Motion passed by unanimous consent.

Motion: by Ms. Gladziszewski to add additional support for the Clerk's Office to the FY22 pending list for consideration.

Motion passed by unanimous consent.

Motion: by Ms. Hughes-Skandijs to approve $30,000 of marine passenger fees for the CBJ tourism survey, as recommended by the Visitor Industry Task Force.

Motion passed by unanimous consent.

VII. INFORMATION ITEMS

a. Youth Activity Board

Mr. Rogers presented the Youth Activity Board request for $332,500. Mr. Rogers noted that this amount is already included in the FY22 Manager's Proposed Budget.

Motion: by Mayor Weldon to accept the FY22 Youth Activity Board grant funding.

Motion passed by unanimous consent.

b. **FY22 Revised Budget AFC Calendar**

Mr. Rogers stated that the Committee will need to take final action on the School District's budget during the May 12, 2021 AFC meeting, and then forward the ordinance to the full Assembly for adoption. The May 12, 2021 meeting will also include revised budgets from Docks and Harbors and Eaglecrest. Mr. Rogers stated that he will include the mill rate as an item of discussion, as well.

VIII. NEXT MEETING DATE

a. Wednesday, May 12, 2021

IX. ADJOURNMENT

The meeting was adjourned at 8:11 pm.