# ASSEMBLY FINANCE COMMITTEE
# THE CITY AND BOROUGH OF JUNEAU, ALASKA
# Wednesday, April 28, 2021, 5:30 PM.
# Zoom Webinar & FB Live Stream

**https://juneau.zoom.us/j/93917915176 or call: 1-253-215-8782 Webinar ID: 939 1791 5176**

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. APPROVAL OF MINUTES**

- **A. April 21, 2021**

**IV. BUDGET PRESENTATIONS**

- **A. Juneau Economic Development Council**
- **B. Grant Support for Childcare**
- **C. CCFR Sleep Off Program Expansion/Mobile Integrated Health Program**
- **D. Manager's Passenger Fee Proposal**
- **E. Hotel-Bed Tax Funding Overview**
- **F. Full Cost Allocation Overview**

**V. INFORMATION ITEMS**

- **A. Pending List Preview**
- **B. FY22 Revised Budget AFC Calendar**

**VI. NEXT MEETING DATE**

- **A. May 5, 2021**

**VII. SUPPLEMENTAL MATERIALS**

- **A. April 21, 2021 AFC Meeting Minutes**
- **B. Juneau Economic Development Council Presentation**

**VIII. ADJOURNMENT**

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org

JEDC Juneau Economic Development Council

**JEDC Funding Request to CBJ Assembly for JEDC FY22 Budget**

**The Juneau Economic Development Council requests funding for FY22 of $400,000.** Opportunities and challenges lay ahead for the city, region, and state as we emerge from the COVID-19 pandemic. The Juneau Economic Development Council (JEDC) has played an active role throughout the pandemic, coordinating response and recovery activities with multiple local partners. JEDC's research unit has produced timely information about impacts to Juneau's economy as well as other resources available to businesses, organizations, and individuals. JEDC also delivered over $100 million of City and Borough Juneau (CBJ) and State of Alaska assistance during FY21, including managing loan and grant programs for the CBJ. CBJ's core support to JEDC enabled us to have the capacity to respond during this crisis.

CBJ has provided core funding support to the JEDC since the organization was created in 1987 by CBJ Ordinance. Though JEDC is an independent organization, the CBJ Assembly appoints JEDC's Board, and our goals and activities align with the community's overall economic interests. In the FY21 budget proposal by the City Manager's office, JEDC was slated for $400,000 in the two-year budget for FY21 and FY22. Because of the impending economic crisis due to the pandemic, the JEDC Board of Directors offered to reduce our funding by $75,000, anticipating that CBJ would experience significantly increased pandemic-related costs and reduced sales tax income. JEDC managed this reduced allocation in FY21 because we pursued pandemic-related relief and delivered contracted services – assistance and contracting opportunities that are not likely to be available in the future.

**Reduced/Limited Grants and Sponsorships**

Looking forward to FY22, JEDC requests $400,000 in CBJ support in the second of the two-year budget cycle. While JEDC received a non-profit grant in FY21 from the CBJ in addition to core funding, JEDC was not eligible to receive federal Paycheck Protection Program (PPP) convertible grants because 501c4 organizations were not eligible. Also, JEDC's budget over the past several years has been heavily supported by private sector partners. Corporate sponsorship of JEDC activities greatly diminished in FY21, and we anticipate this support will not recover fully until FY23, or when our economy emerges from the pandemic.

**Increased Costs**

JEDC has taken on additional operating costs associated with assistance to the business community. On behalf of the CBJ, we manage an emergency loan portfolio that generates no fees and low or no interest from borrowers. The cost to service this portfolio is approximately $3,000 per month. With another year of reduced tourism in Juneau, we anticipate that many of these borrowers will require more time to repay their loans, extending JEDC's costs to manage this portfolio into the future.

**New Demands on our Work**

As our nation, state, and community emerge from this pandemic, there are new areas where JEDC needs to increase investment:

Local Frequency

JEDC has brought Juneau an innovative customer loyalty and rewards program to support local businesses. The Local Frequency app raises awareness about the importance of shopping at locally-owned businesses. The use of the app allows all currently participating businesses to save money by lowering their transaction costs. The program also causes local spending to stay within our community and circulate exclusively to other local businesses. We are piloting an initiative within the program to link to local charities as well. This roll-out requires an investment to build confidence amongst businesses and awareness amongst shoppers. We believe the app will generate long-term economic benefits for local businesses, as it makes accessible to them the latest technology at a low cost.

Remote Work and Experience Juneau

Remote work has become a realistic option for many more workers because of the pandemic and represents an opportunity as well as a threat to Juneau's overall economy. JEDC continues our efforts under the Choose Juneau initiative. We also recognize there is a growing opportunity in shorter-term remote work—we call it Experience Juneau. Experience Juneau will target the market between the vacation traveler and the permanent remote worker. We believe there is a need to understand and develop a market segment for those workers that would enjoy living and working from Juneau for several weeks or months at a time—longer than a typical vacation, but not a permanent relocation. This is an emerging market segment that has had success in Europe but little pre-pandemic success in the United States.

**Core Funding**

Core funding supports the execution of JEDC's annual Board-approved budget and work plan, which aligns with the Juneau Economic Plan. The core funding allows JEDC to deliver on its mission through its five areas of focus:

1) Help Make Juneau a Great (Capital) City
2) Strengthen Key Regional Industries
3) Develop Talent
4) Promote Entrepreneurship and Small Businesses
5) Deliver Economic Development Services

Core resources are leveraged significantly, historically bringing in twice or more additional resources to JEDC to deliver economic development programming. In FY21, JEDC core funding helped direct millions of dollars of assistance to local businesses. The stability provided by core funding from the CBJ allows JEDC to maintain basic infrastructure, pursue long-term goals, invest in developing and retaining talented staff, and be ready when needed to support our community to respond to crises and opportunities.

**Memo: To CBJ Assembly**

## RE: Status and impact of child care funding to increase access, capacity and quality for working families in Juneau.

In FY 2021, The City and Borough of Juneau has supported child care more than ever before, in a year that had the greatest challenges for children and families in recent history. This is a brief summary of the funding, activities, and results of four strategies: The CARES child care program stabilization grants, The new CDA Academy, HEARTS awards to early educators, and the new child care stipends.

### 1. CARES Child Care Stabilization Grants: (See attached report from JEDC)

**Total Funding:** $1,050,000 direct funding to programs, $7,000 in funds to AEYC to administer

**Activities:** Monthly grants were awarded to 20 of the 26 Juneau licensed child care programs, for 7 months, from June 1 through December 30th. Grants were based on 50% of tuition of enrolled children for child care centers, and $250 per full time enrolled child for licensed family child care homes.

**Results:**

- Nearly all licensed child care programs closed in mid-March, and began slowly opening in June.
- The number of children served gradually increased each month of the grant period, from 149 to 248 children, nearly recovering to a pre-covid capacity of 283 in the participating programs.
- Three new child care programs opened during the grant period.
- In a survey of all participating programs, 67% reported they may have closed without the funding support.
- Juneau was the first community to dedicate municipal CARES funds to child care, and served as a model and inspiration for communities across the state, including Ketchikan, Sitka, and Anchorage.

### 2. Child Development Academy

**Funding:** $31,118 (Unexpended funds from FY2020 HEARTS awards)

**Activities:** Licensed child care programs are required to have a minimum number of staff with a national child development credential (CDA) or at least 12 university credits in early childhood. Though AEYC regularly offers the 120 clock hours of training throughout the year in partnership with thread Alaska, in the past these have been offered in the evenings and Saturdays, spread throughout the year. Very few staff achieved the credential in a year. An idea from the CBJ Child

Care Work Group, was to offer an intensive program during the work day. In partnership with SERRC JobX program and Tlingit and Haida Child Care Assistance program and Tlingit and Haida Vocational Training Resource Center, a ten week intensive was offered last fall for 11 participants. Five interns were recruited from the JobX program, and these interns provided coverage in the programs for existing child care staff to participate also.

**Results:**

- Of the eleven participants, 6 have achieved their national Child Development Credential and are employed in licensed child care programs.
- The remaining five participants all completed the required training and two are still in progress to complete their work experience hours. Three participants may choose to complete their credential at a later time, but are no longer participating due to family health, maternity leave, or moving.
- In spite of the fall spike in Covid cases and a series of temporary program closures and moving the classes to virtual, the Academy was seen as overall a success by partner organizations.
- The next Academy is scheduled for May and June, at the Tlingit and Haida VTRC. Recruitment is underway, and will expand to Head Start and RALLY participants.

## 3. HEARTS Educator Awards

**Funding FY 2021: $180,000**
**Expenditures by Jan 1: $47,485**

**Activities:** This program has been sponsored by CBJ since 2012, and is effective in increasing the recruitment and retention of a qualified workforce for licensed child care programs. Early educators receive a wage incentive every six months if they remain working in licensed child care programs and have a minimum of a CDA or 12 early childhood credits.

**Results:**

- Due to Covid 40 child care workers left their jobs, and the workforce reduced from 88 to 68 in the programs participating in the CARES child care grants.
- In spite of high turnover rates during the pandemic, 74% of prior year HEARTS award recipients stayed. 21 early educators received an award of between $2,500 ($1.20 per hour) and $5,900 ($2.84 per hour) for a BA in early childhood or related degree.
- The long term goal is to increase to 50% of child care staff with a CDA or above, from 34% in 2021

## 4. NEW Child Care Stipends

**Funding:** $323,750 for program stipends, $55,000 for workforce development CDA credentials, $8,750 to AEYC for verification of eligibility and payments The first 2 months of awards was $50,200.

**Activities:**

- A new application was created and distributed to child care programs, and monthly awards started in February, based on enrollments in January.
- In the first quarter 20 programs received stipends, serving 267 children
- Enrollments are still lower than before the pandemic, and the percentage of part time children has increased from 10% before Covid to 30% now.
- The total capacity of the participating programs is 386, current capacity in February was 69%.
- The program expenditures are lower than anticipated due to the lower enrollments, and four child care centers that are not eligible due to not operating full year, or receiving more than 25% of their funding from other public or tribal funding.
-

**Results:**

- Enrollments have slowly increased each month, and are expected to continue rising as vaccination rates increase.
- The stipends were designed to increase capacity of infant toddler care, which has increased from 20% of licensed spaces to 41% of licensed spaces.
- All participating child care centers increased staff wages specifically due to the predictable ongoing funding from the stipends.
- Two new programs are in the process of becoming licensed due to the increased funding support from CBJ.

## Request:

This year due to lower enrollments, and the number of programs that are not eligible, we anticipate returning approximately $225,000.

Based on increasing enrollments, we project a total of $625,000 needed for program awards at current levels for FY22.  Currently there is $400,000 included in the manager's budget. We respectfully request an additional $225,000 be added, in order to continue sustaining the current capacity of child care, and building toward a stronger, higher quality, and greater accessibility for working families.

# Early Education

## JUNEAU BY THE NUMBERS 2020

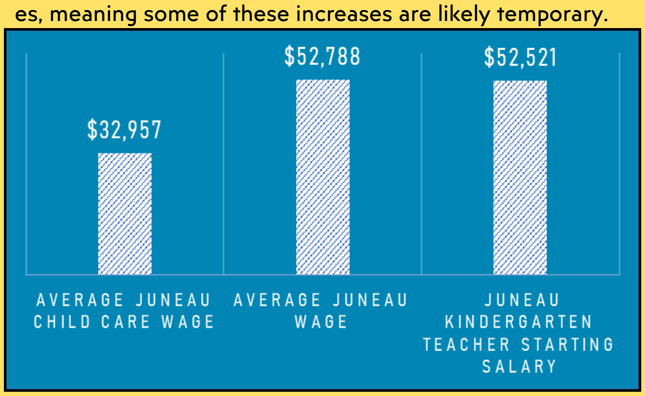
## There is not enough child care to meet the needs of the community

There are **2,083** children in Juneau under the age of 5.5. Approximately **67%** of these children don't have a stay-at-home parent, and there are only enough child care slots for **one out of every four** children in Juneau.

## 67% of Child Care Programs might have Closed without COVID-19 Funding Support


## Low Wages Continue for Child Care Workers

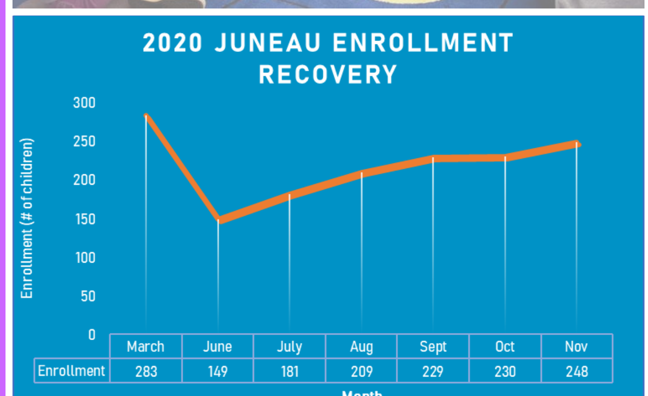
In 2020, the average annual wage for child care workers was **$32,957** (including HEARTS awards), an increase of **23%** compared to the prior year. Despite this increase, wages for child care workers remain significantly lower than both the average wage for the city of Juneau and the starting salary for a kindergarten teacher. A decrease in enrollment and capacity has caused some programs to decrease the available hours for their workers, meaning child care workers are not seeing a full 23% increase in annual income. Also, some providers have added hazard pay to hourly wages, meaning some of these increases are likely temporary.




With an annual income of **$46,160** needed to afford a one-bedroom apartment in Juneau, child care workers don't earn enough to pay rent. Low wages make it very difficult to attract and retain qualified child care professionals, especially given the high cost of living in Juneau, which is **33% higher** than the national average.

## Fewer Children are Enrolled in Child Care Programs

The COVID-19 pandemic resulted in decreased enrollment in child care programs, placing them in financially precarious positions. Enrollment initially plummeted, falling by **47%** of capacity from March to June. Enrollment has steadily increased every month since then, and November enrollment was only **12%** below March numbers.



## The COVID-19 Pandemic Led to Unprecedented Challenges

Since January, **40** child care workers left their jobs, **22** leaving due to COVID-specific reasons. The staff turnover rate was **59%**. Child care programs faced the financial burdens of heightened safety precautions and decreased capacity. On average, programs reported a **38%** reduction in revenue, due largely to reduced enrollment. The Juneau CARES program put **$1,050,000** into the hands of local child care providers. This amounted to an average of **$717** per child, per month.

# **Juneau Child Care** By The Numbers

| | |
|---|---|
| **2083** | Population Under Age 5.5 [1] |
| **682** | Estimated Juneau Children Under Age 5.5 with a Stay-At-Home Parent [1,3] |
| **1401** | Estimated Juneau Children Under Age 5.5 with All Parents Working [1,3] |
| **31** | Total Licensed Child Care Programs in Juneau [2] |
| **471** | Total Licensed Child Care Slots in Juneau [2] |
| **1153** | Estimated Juneau Children Under Age 5.5 in Unknown Child Care Situations [1,2,3,6] |
| **1 to 4** | Ratio of Licensed Child Care Slots to Children Under the age of 5.5 [1,2,6] |
| **161** | Total Infant/Toddler Child Care Slots in Juneau [2] |
| **1136** | Infant/Toddler Population (Under 3) [1] |
| **1 to 7** | Ratio of Licensed Infant/Toddler Slots to Children under the age of 3 [1,2,6] |
| **40%** | % of Juneau Preschoolers Ready for Kindergarten [7] |
| **23** | Child Care Workers with Child Development Assoc. or 12+ Credits [2] |
| **88 » 68** | # of Child Care Workers Pre-Pandemic versus Current (In Licensed Facilities) [2] |
| **$10,824** | Average Annual Child Care Cost Per Child [2] |
| **$11,292** | Average Annual Child Care Cost Per Toddler [2] |
| **$32,957** | Average Annual Child Care Wage in Juneau (Includes HEARTS Awards) [2] |
| **$52,788** | Average Annual Wage in Juneau [4] |
| **$52,521** | Starting Kindergarten School Teacher Wage in Juneau [5] |

**Sources:** 1-US Census Bureau; 2-AEYC Survey of Childcare Programs; 3-American Community Survey 5-year Estimates Table B23008 2019 Estimates; 4-AK Department of Labor; 5-Juneau School District; 6-JEDC Analysis; 7-2020 Alaska Developmental Profile

seaaeyc Southeast Alaska Association for the Education of Young Children

thread

JEDC Juneau Economic Development Council

City and Borough of Juneau
City & Borough Manager's Office
155 South Seward Street
Juneau, Alaska 99801
Telephone: 586-5240| Facsimile: 586-5385

DATE: April 28, 2021

TO: Carole Triem, Chair, Assembly Finance Committee

FROM: Mila Cosgrove, Deputy City Manager

RE: City Manager's request for Incremental Staffing
CARES Program: Sleep Off Services and Mobile Integrated Health

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The City has been running the Community Assistance Response and Emergency Services (CARES) program since July 1, 2019, when the sleep off program transferred from Bartlett Regional Hospital (BRH) to Capital City Fire and Rescue (CCFR). At the time of transfer, the hours of operation were reduced from 24 hours a day to 12 hours per day. CCFR's experience with individuals needing sleep off services did not match the reported experience from BRH. Requests for service were higher than expected and calls were received for service 24 hours per day. As a result, inebriated individuals were often held in the Emergency Department or under Police Department supervision until they could be transferred to a sleep off bed when the program opened its doors for the day.

As a result of the increased demand, additional hours were added to the program that allowed operations to run from 6:00 pm to 11:00 am the following morning if needed. Additional hours were covered by adjusting full time staff hours, adding part time limited staff members, and by the CARES Program Director who worked the morning hours when individuals were held over from the night before. While the expanded hours helped address need, the missing hours of operations still kept individuals waiting for sleep off services during hours when the program was closed.

On March 19, 2020, when pressure on all hospital functions increased due to COVID, the CARES program switched to 24-hour service and has operated around the clock since that time. At the same time, CCFR added a Mobile Integrated Health function staffed by a Paramedic that shared EMT level staff with the day time hours sleep off program. This team has provided in-home testing, quarantine and isolation support, and vaccination services during the COVID pandemic. In addition to COVID-related services, they provide non-emergent community Paramedicine services that had previously been performed by ambulance crews, by the Emergency Department at BRH, or not performed at all, often increasing the need for emergency services at a later time.

The expanded staffing has been covered through Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding or through FEMA reimbursement. From April 1, 2021, through March 31, 2022, the MIH program is also eligible for funding through the State of Alaska COVID Community Assistance program. Staff from MIH will continue to provide testing and vaccine support in home settings, transportation of COVID positive individuals to home or respite locations, and provide other support services that allow individuals who are in quarantine or isolation to remain safely at their residence.

The Sleep off program and the Mobile Integrated Health program are interconnected through the sharing of staff and resources. Continuing to fully operate the CARES program in FY22 will be important to enable continued response to the COVID pandemic. Post pandemic, there is long term value to our overall emergency services network by taking pressure off the Emergency Department and ambulance services. There will be a continued need for sleep off services, and the role of community Paramedicine should allow our EMS staff to focus on emergent rather than non-emergent services.

| **FY22 CARES Program Expanded Service (Sleep-Off and MIH Services Summary of Additional Costs** | | |
|---|---|---|
| **Expenses** | | |
| CARES Program | Sleep-Off | $ 347,000 |
| CARES Program | MIH | $ 149,600 |
| | Total | $ 496,600 |
| | | |
| **Revenues** | | |
| CARES Program | General Fund | $ 196,600 |
| CARES Program | SOA COVID MOA | $ 300,000 |
| | Total | $ 496,600 |

**Requested Action:**

The Manager's Office requests that the Assembly consider funding the expanded services of the CARES program in FY22. We request a motion to move this increment to the pending list and direct staff to bring back any additional information necessary to make a fully informed decision.

# Memorandum Capital City Fire Rescue

820 Glacier Avenue | Juneau, AK 99801
Phone: 907-586-5322 | Fax: 907.586.8323
Email: CCFR.Admin@juneau.org

Date: April 20, 2021

To: Deputy City Manager, Mila Cosgrove

From: Fire Chief, Rich Etheridge
CARES Program Manager, Joe Mishler
Administrative Officer, Brenwynne Grigg

Re: Expanded Sleep Off and Mobile Integrated Health Budget Details

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**Costs for Evening Sleep Off 12-Hour Operations**

| Evening Sleep Off 12-Hour Operation Expenses | FY20 Actuals | FY21 Budget | FY21 Projected Actuals | FY21 Projected Monthly Actuals |
|---|---|---|---|---|
| Personnel | $596,003 | $662,500 | $616,900 | **$51,408** |
| *Day Service Credit | ($14,230) | | ($24,338) | **($2,028)** |
| Materials & Commodities | $83,630 | $72,400 | $75,100 | **$6,258** |
| St. Vincent Renovation | | $83,000 | $83,000 | **$6,917** |
| Contribution to Fleet | $100,000 | $20,000 | $20,000 | **$1,667** |
| **Total** | **$765,402** | **$837,900** | **$770,662** | **$64,222** |
| **Some budgeted positions assisted with daytime emergency services related to COVID are deducted here for the purpose of showing actual evening operation costs.* | | | | |

| Evening Sleep Off 12-Hour Operations | FY22 Budget | FY22 Monthly Expenses |
|---|---|---|
| Personnel | $666,200 | $55,517 |
| Materials & Commodities | $78,100 | $6,508 |
| Fleet Fund Contribution | $20,000 | $1,667 |
| **Total** | **$764,300** | **$63,692** |

**Costs for Daytime Sleep Off 12-Hour Operations**

| Daytime Sleep Off 12-Hour Operations | FY20 Actuals (March 19-June 30) | FY21 Projected Annual Actuals | FY22 Annual Budget | FY22 Monthly Budget |
|---|---|---|---|---|
| Personnel | $32,631 | $131,260 | $346,000 | $28,833 |
| Commodities | Did not track | Did not track | $1,000 | $83 |
| **Total** | **$32,631** | **$131,260** | **$347,000** | **$28,916** |
| *Emergency Workers have primarily been utilized for staffing the 12-hour daytime shift. One career line seasonal firefighter staffed sleep off from August – October, 2020.<br>**Increased commodities are minimal and can be mostly absorbed into existing budget. | | | | |

FY21 Daytime Sleep Off staffing utilized MIH staff, Hagevig Testing Center Emergency Workers, and the CARES Director, to fill staffing gaps a few hours at a time when needed. This assistance was not tracked and is not represented in values shown. For example, if Sleep Off only had one staff on duty, and they were caring for a patient in the Sleep Off Center, they were unable to respond to any calls during the time the patient was under their care. To remedy this situation, MIH personnel would staff the Sleep Off Center while the daytime sleep off personnel responded to the call.

### Costs for Mobile Integrated Health (MIH) Program

Budget below represents one paramedic position working 8 hours daily, 5 days per week. Additional 0.50 FTE would be used for weekend appointments and to fill in full time employees when absent.

| **Daytime MIH**<br>**8-Hour Operations** | **FY22 Budget** |
|---|---|
| **Personnel (1.5 FTE)** | $148,100 |
| **Materials & Commodities** | $1,500 |
| **Total** | $149,600 |

The MIH program is designed to target individuals who seek emergency services, but present with non-emergent and non-acute needs. Primary populations are the unsheltered and the aging. The goal of the program is to enable a healthcare professional to care for the patient where they are, instead of utilizing an ambulance to transport them to the Emergency Department at Bartlett Regional Hospital. Services currently provided include the following:

- Welfare checks and medical exams
- Assistance with telemedicine appointments
- Assistance with medication pickups from the pharmacy and medication compliance
- Assistance with transportation to medical appointments
- Wound care and dressing changes
- Assist COVID positive individuals with basic needs to remain self-quarantined in their residence
- COVID testing, including rapid tests
- COVID vaccinations and Flu vaccinations

Future program functions could include initiating contact with high frequency users of emergency services, identified through BRH case management referrals and CCFR transport statistics. Once contact is made, MIH staff could identify their needs and advocate on their behalf to assist in navigating services they may qualify for and referring them when appropriate. Statistics on MIH functions are provided as an attachment to this memorandum.
**Deputy Fire Marshall FTE budgeted in FY21 could be considered as offsetting MIH staffing costs.*

Memorandum Capital City Fire Rescue
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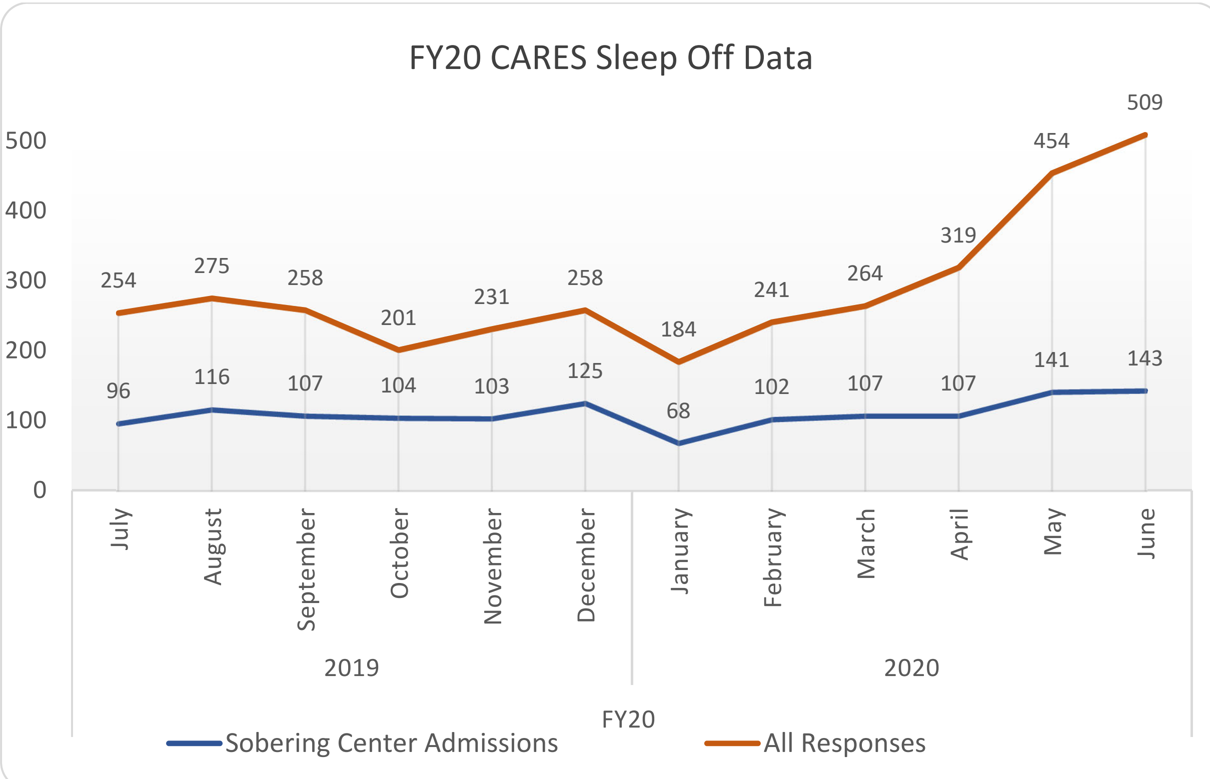
Phone: 907-586-5322 | Fax: 907.586.8323
Email: CCFR.Admin@juneau.org

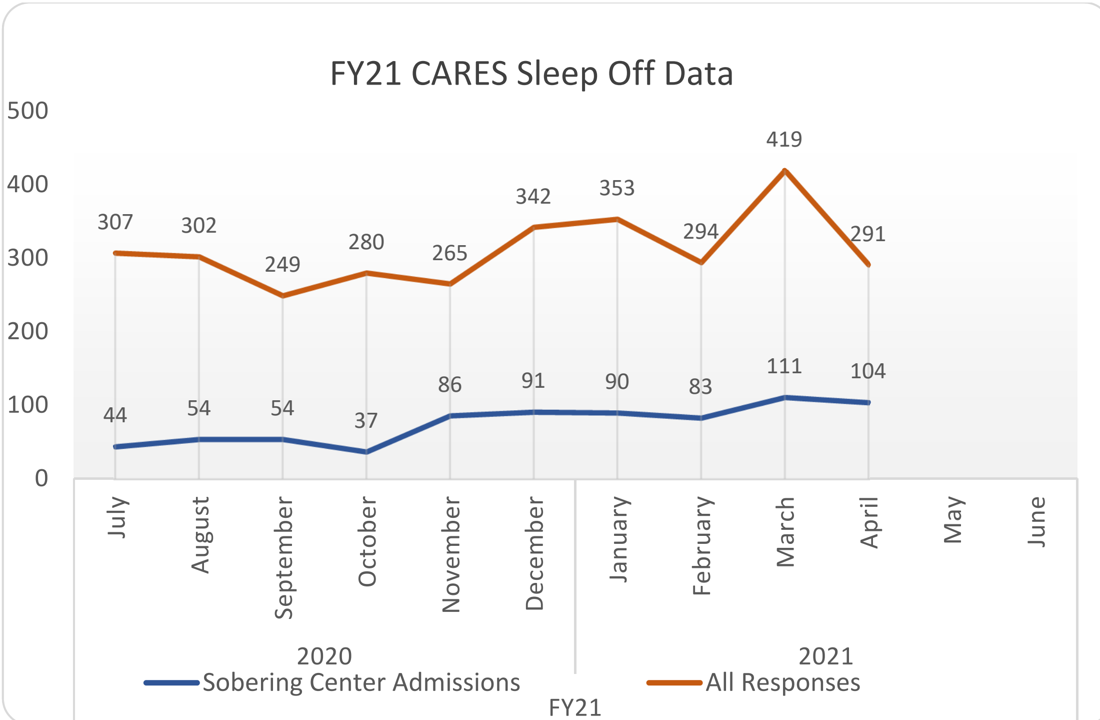



**All Responses** category represents:

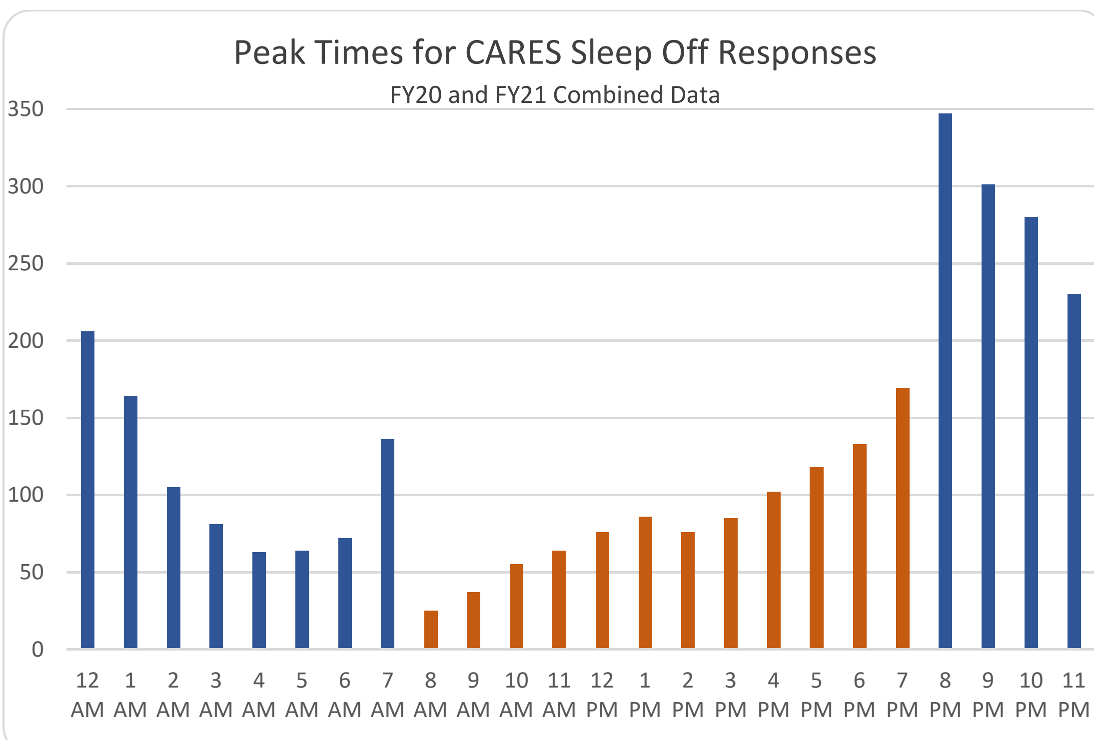
- Transports to/from Emergency Department
- Transports to 12-hour holds, Warming Shelter, Housing First, or other safe place
- Welfare checks where person does not meet criteria for admission into Sleep Off
- Transport/Admission to the Sobering Center
    - A transport that results in admission to the Sobering Center is only counted once

**Possible Influencers of Data**

- Warming Shelter opened mid-December 2019
- Quarantine and Isolation at Driftwood opened mid-March 2020
- Sleep Off expanded from 12-hour evening services to 24-hour services on March 19, 2020 to provide a daytime alternative to the Emergency Department, as part of the community emergency response to COVID.
- Quarantine and Isolation at Centennial Hall opened mid-October 2020




*FY21 data through April 20, 2021



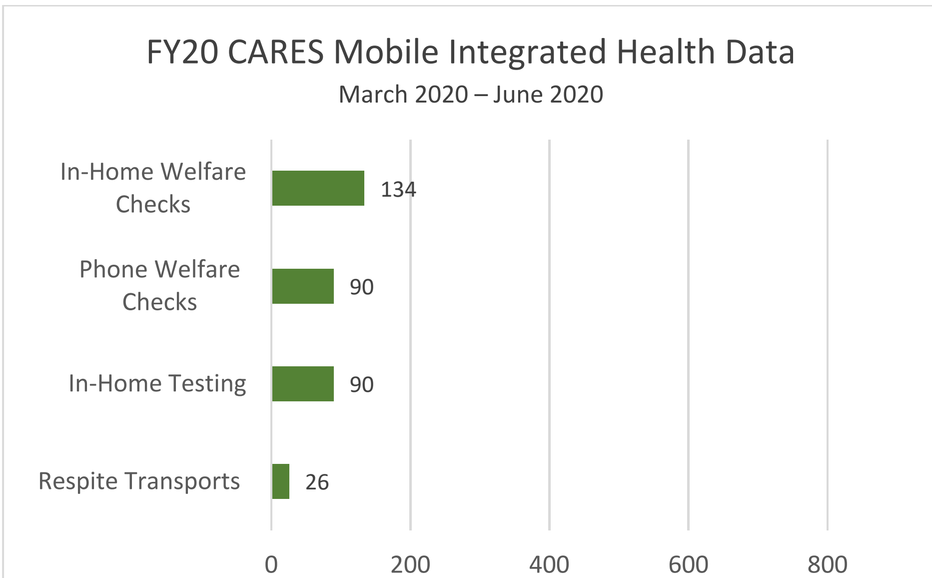

*33% of all responses occurred between 8 a.m. – 7:59 p.m.

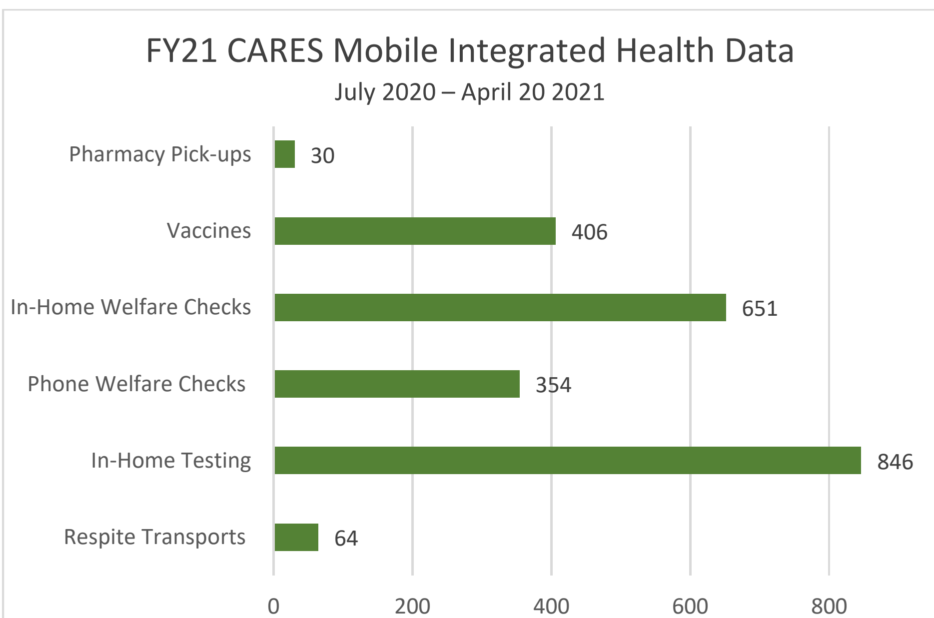
# Memorandum Capital City Fire Rescue

820 Glacier Avenue | Juneau, AK 99801
Phone: 907-586-5322 | Fax: 907.586.8323
Email: CCFR.Admin@juneau.org

CARES Mobile Integrated Health was formed as a community emergency response due to COVID. A reliable system for tracking activities was not formalized initially and is still in progress. The data represented below reflects the minimum amount of activities performed.

Areas of work such as in-home testing and administering vaccines are the most accurate count categories. In-home and phone welfare checks are likely under-reported.



City and Borough of Juneau
City & Borough Manager's Office
155 South Seward Street
Juneau, Alaska 99801
Telephone: 586-5240| Facsimile: 586-5385

DATE: April 23, 2021

TO: Chair Triem and Assembly Finance Committee

FROM: Rorie Watt, City Manager

RE: FY22 Passenger Fee Proposal

This memo discusses my proposal for the expenditure of passenger fees (CBJ $5 Marine Passenger Fee, $3 Port Development Fee and $5 State Commercial Passenger Vessel Fee). This proposal is made in accordance with the MOA that was reached with CLIA in March of 2019 and is designed to provide services and solve community issues related to cruise ship tourism.

With the ongoing closure of Canadian ports and the congressional impasse over requirements for foreign flagged vessels under the Passenger Vessel Services Act, it appears unlikely that Juneau will receive any large cruise ship visitors in the summer of 2021. However, the cruise tourism industry holds a consensus view that sailings will resume to Southeast Alaska in the summer of 2022—likely in record numbers.

Here is how that forecast for visitation translates to passenger fee revenue in FY21 and FY22:

| | | | **PAX** | **MPF** | **PDF** | **State CPV*** | **Total** |
|---|---|---|---|---|---|---|---|
| CY2020 | Jul/Aug/Sept | FY2021 | 0 | $ - | $ - | | $ - |
| CY2021 | May/June | FY2021 | 0 | $ - | $ - | | $ - |
| CY2021 | Jul/Aug/Sept | FY2022 | 0 | $ - | $ - | | $ - |
| CY2022 | April/May/Jun | FY2022 | 500,000 | $ 2,500,000 | $ 1,500,000 | $ - | $ 4,000,000 |
| CY2022 | Jul/Aug/Sept | FY2023 | 800,000 | $ 4,000,000 | $ 2,400,000 | | $ 6,400,000 |

| | | |
|---|---|---|
| **State CPV receipts remitted to CBJ approximately* | **FY21 Passenger Fee Total** | **$ -** |
| *eight months after they are received* | **FY22 Passenger Fee Total** | **$ 4,000,000** |

At this time and out of an abundance of caution, I propose that CBJ expend passenger fees in FY22 only on debt service and the cost of core city services. The proposed costs for core city services are unavoidable. City government cannot be switched on-and-off like a light switch. CBJ retains year-round police officers, fire and rescue personnel, and maintenance crews that are adequate to maintain a community capable of receiving more than a million visitors each summer. The borough cannot scale up and scale down these core services on an annual basis. Juneau will be ready to receive record visitation in the summer of 2022, but only if core city government is sustained until that time. Where possible, seasonal staffing for the summer of 2021 has been reduced or eliminated.

| | Direct Cost | Overhead* | Total |
|---|---|---|---|
| **Debt Service: Juneau Cruise Terminal Docks** | 2,093,600 | | **2,093,600** |
| **CBJ Municipal Services** | | | |
| Ambulance/EMS Support | 610,300 | 56,100 | **666,400** |
| Police Support | 883,300 | 81,200 | **964,500** |
| Seawalk, Open Space and Restroom Maintenance | 343,100 | 31,500 | **374,600** |
| Street Cleaning/Repair | 215,000 | 19,800 | **234,800** |
| D&H- Port Management & Landscaping | 315,000 | 29,000 | **344,000** |
| D&H- Port Customs Office Bldg Maint | 133,500 | 12,300 | **145,800** |
| **Third-Party Visitor Services by Assembly Grant** | | | |
| Travel Juneau - Crossing Guards | | | **-** |
| Travel Juneau - Visitor Information Services | | | **-** |
| DBA - Downtown Security Program | | | **-** |
| TBMP - Best Management Practices Support | | | **-** |
| Franklin Dock Enterprises (Security, Restrooms) | | | **-** |
| AJ Juneau Dock, LLC (Security, Restrooms) | | | **-** |
| **Total Proposed FY22 Passenger Fee Expenditures** | **4,593,800** | **229,900** | **4,823,700** |

**Proportional allocation of CBJ overhead costs for management, administration, finance, and legal support*

CBJ's third-party grantees received grant funding for providing operational services in the first half of 2020 as part of the FY20 budget, but those services were not needed. Those third-party grantees have been directed to retain those received-but-unspent funds for use in the first half of the summer of 2022.

Passenger fee funding for all CBJ municipal services and the related overhead is calculated by a third-party cost allocation consultant (Matrix Consulting) in compliance with applicable federal standards and industry best practices. FY22 amounts have been reduced, where possible, in anticipation of reduced seasonal staffing.

No passengers in either of the summers of 2020 of 2021 will result in $0.0 passenger fees in FY2021. Budgeted expenditures for debt service and core city services will leave the two passenger fee funds with deficit/negative fund balances at the end of FY21. Because core city services costs will also exceed projected FY22 passenger fee revenues, these fund balances will go further into the red. During the Assembly's budget process, staff will present and review the fund balance projections for the passenger fee funds. The Assembly will have at least three choices:

1.) Allow the passenger fee funds to go negative in FY21 and FY22 until such time that future revenues bring fund balances positive
2.) Formalize the indebtedness of the passenger fees funds via an Inter-Fund Loan
3.) Subsidize passenger fee costs with general funds (not recommended)

# MEMORANDUM

155 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

**DATE:** April 23, 2021

**TO:** Assembly Finance Committee

**FROM:** Jeff Rogers, Finance Director

**SUBJECT:** **FY2022 Passenger Fee Fund Activity**

This memo should be read in coordination with the FY2022 Manager's Passenger Fee Proposal prepared in compliance with CBJ 69.20.120. In that memo, the Manager forecasts $0 Passenger Fees to be received in FY2021 and $4 million Passenger Fees to be received in FY2022. Also, the Manager proposes $4,823,700 of expenditures in FY2022: $2,093,600 on required debt service for the 16B docks and $2,730,100 of CBJ municipal services associated with waterfront visitation.

When the Assembly adopted the FY2021 budget, the general assumption was that Juneau would have a cruise season in the summer of 2021. It is now clear that Juneau will not receive any large ships before July 1st, and it is rather unlikely that it will receive any large ships at all this summer. Hence, the FY2021 forecast passenger fee revenue for the April to June 2021 period will not be received in FY2021. As a result, by the end of FY2021, the two passenger funds (combined) will have a negative fund balance of approximately $1,367,500. With a deficit of approximately $838,800 expected in FY2022, the resulting combined negative fund balance is estimated to be $2,206,300.

| | Port Development Fund | Marine Passenger Fund | Combined Passenger Fee Funds |
|---|---|---|---|
| FY2021 Projected Ending Balance | $ 2,549,500 | $ (3,917,000) | $ (1,367,500) |
| FY2022 Forecast Revenues | $ 1,500,000 | $ 2,500,000 | $ 4,000,000 |
| FY2022 Proposed Expenditures | $ (2,093,600) | $ (2,730,100) | $ (4,823,700) |
| FY2022 Allocated Costs | $ (7,600) | $ (7,500) | $ (15,100) |
| FY2022 Surplus/(Deficit) | $ (601,200) | $ (237,600) | $ (838,800) |
| FY2022 Projected Ending Balance | $ 1,948,300 | $ (4,154,600) | $ (2,206,300) |

The Assembly can consider a number of options for managing these fund shortfalls, including:

1. Allow the funds to go negative without further action, with the reasonable expectation that future passenger fees will self-correct the negative balance (this induces an informal interfund payable)
2. Enact an Interfund Loan per the procedures in CBJ code to correct the negative balances
3. Subsidize the funds with general funds

The Controller has provided a separate technical memo that addresses options #1 and #2. In many regards, the effect of these two options is substantially similar—future passenger fee receipts will reimburse current year costs. The primary difference is that the loan structure would induce interest costs to be paid to the loaning fund from the passenger fee revenues received in the future.

Certainly, the Assembly could subsidize these costs with general funds, as it does for the Debt Service Fund and as it does for grants/costs paid by the Hotel Bed Tax Fund. However, staff recommend against subsidizing waterfront costs with general funds. CBJ's settlement with CLIA established a clear precedent for costs that could be allowably paid from passenger fees, including the requirement of a cost allocation study to determine allowable municipal services costs. The proposal for FY2022 closely follows the mutual agreement reached in that settlement. In the year prior to the pandemic, CBJ received almost $15 million passenger fees. Given that the projected debt and operating costs for waterfront operations are just $6-7 million, it is reasonable to assume that passenger fees will be sufficiently available in FY2023 to bring these funds into a positive fund balance—effectively paying FY2021 and FY2022 costs with FY2023 revenues. In short, there is simply no particularly good reason to spend general funds (tax revenues) on costs that associate to the waterfront (i.e. "the marine enterprise), because these are eligible expenditures of passenger fee funds and it is reasonably presumed that such funds will be available in the following fiscal year.

Consider the previous table extended out to FY2023 with assumptions based on current understanding:

| | Port Development Fund | Marine Passenger Fund | Combined Passenger Fee Funds |
|---|---|---|---|
| FY2021 Projected Ending Balance | $ 2,549,500 | $ (3,917,000) | $ (1,367,500) |
| | | | |
| FY2022 Forecast Revenues | $ 1,500,000 | $ 2,500,000 | $ 4,000,000 |
| FY2022 Proposed Expenditures | $ (2,093,600) | $ (2,730,100) | $ (4,823,700) |
| FY2022 Allocated Costs | $ (7,600) | $ (7,500) | $ (15,100) |
| FY2022 Surplus/(Deficit) | $ (601,200) | $ (237,600) | $ (838,800) |
| | | | |
| FY2022 Projected Ending Balance | $ 1,948,300 | $ (4,154,600) | $ (2,206,300) |
| | | | |
| FY2023 Revenues - PrePandemic Level | $ 8,620,000 | $ 5,380,000 | $ 14,000,000 |
| FY2023 Expenditures - PrePandemic Level* | $ (2,100,000) | $ (3,190,000) | $ (5,290,000) |
| FY2023 Allocated Costs | $ (7,600) | $ (7,500) | $ (15,100) |
| FY2023 Surplus/(Deficit) | $ 6,512,400 | $ 2,182,500 | $ 8,694,900 |
| | | | |
| FY2023 Projected Ending Balance | $ 8,460,700 | $ (1,972,100) | $ 6,488,600 |

**This presumed level expenditure of passenger fees in FY23 excludes any capital improvements and reflects operational costs only.*

<u>Recommendation</u>
The imbalance between these two funds can be corrected mechanically by simply redirecting eligible costs, or the Assembly could direct staff to balance the funds through a transfer.

Staff recommend against subsidizing waterfront visitation costs with general funds. The Assembly should review and weigh the option of an Interfund Loan structure versus allowing the funds to temporarily experience negative fund balances via an informal interfund payable. At this time, given the limited duration of the expected shortfall, staff lean toward allowing the fund to go negative temporarily via an interfund payable, rather than enacting a formal Interfund Loan. A separate ordinance would be required to enact an Interfund Loan.

**NEGATIVE FUND BALANCE AND ITS IMPACT TO CBJ**
Prepared by CBJ Controller, Sam Muse
for the Assembly Finance Committee
April 23, 2021

**Issue:**
The City maintains many separate funds, each with certain activities that the fund is designated to carry out. Generally speaking, these funds can be separated in to several broad categories: the General Fund (Central Service departments, Streets, Transit, Police, Fire and other departments that benefit the community, more broadly), The Special Revenue Funds (Marine Passenger Fees, Hotel Tax, Tobacco Tax, Eaglecrest, etc.), the Enterprise Funds (Docks, Harbors, Bartlett Hospital, Water, Wastewater, etc.), the Internal Service Funds (Risk, Building Maintenance, Fleet), the Debt Service Fund, the Capital Projects Fund, and the Permanent Funds (Jensen-Olson Arboretum).

Over the course of operations, it is not uncommon for an individual fund to go through a period of "negative fund balance". In governmental fund accounting, this generally translates to a negative cash position. In other words, the Fund has spent more money than it has taken in. These can be very temporary and informal (days) or they can last longer and be more formal (months to years).

**Background:**
Each Fund within the CBJ participates in the Central Treasury. This means that – despite all cash balances being accounted for and tracked separately – they are all lumped together for the City's cash and investment purposes.

So, when one fund spends more cash than we have accounted for/assigned to them, they are essentially "borrowing" from another fund's cash balance in the Central Treasury. There are generally four types of borrowings that can occur, mostly distinguished by duration but also how formalized the arrangement is. In every case, the default lender is the General Fund.

<u>Advances</u>
The most common form of borrowing between other funds and the General Fund is what we refer to as an "advance". These are short-term in nature (under a year) and are not typically formalized by the Assembly. These types of advances happen over the normal course of operations, particularly when there are large reimbursable expenditures of a fund that the fund will receive cash for at a later date (e.g. Airport and Federal construction grants), or if a Fund typically receives a substantial proportion of its revenues during a particular time of year but expenditures occur throughout (e.g. Eaglecrest, State Marine Passenger Fees). In these cases, the accounting system tracks these short-term advances and they are reported in both the fund financial statements and the "Interfund Receivables, Payables and Transfers" note to the financial statements if they exist as of year-end.

<u>Interfund Payables</u>
Another, more uncommon, form of borrowing is what we refer to as an "interfund payable". These would be considered longer-term in nature (longer than a year) and, again, are not formalized by a loan agreement that has structured terms. That said, the Assembly has a more formal role in the recognition of these interfund payables, and they should be brought to the attention of the Assembly during budgeting processes. What that means is that these payables are only recognized as such if the Assembly adopts a budget wherein revenues over expenditures for the following fiscal year do not exceed the cash deficit in that fund from the current year. In other words, the budget that the Assembly adopts recognizes that this

borrowing will have to take place for more than a year. Again, the accounting system tracks these longer-term payables and they are reported in both the fund financial statements and the "Interfund Receivables, Payables and Transfers" note to the financial statements as such if they exist as of year-end. Additionally, longer-term interfund payables must be shown as a restriction of General Funds, meaning those same General Fund dollars cannot be spent again until they are paid back, or they become shorter advances.

Interfund Loan (CBJ 57.20.015)
The Assembly can formalize the above concept of the interfund payable by creating an Interfund Loan. In this case, the Assembly would recognize the debt of one fund to another fund via a formal arrangement that induces interest cost to the borrowing fund and interest income to the lending fund. The agreement would have repayment terms (greater than a year), interest rates, and would be accounting for as a long term loan on the fund receiving the money's statements and an investment in the General Fund:

> 57.20.015 - Interfund loans.
> (a) The assembly may transfer amounts from one fund or account to another on a loan basis. Such transfers shall be by ordinance. An appropriation ordinance shall be effective as creating a loan under this section if the source of funds is clearly shown to be a loan from a specified fund or account.
> (b) Except as otherwise specifically provided in the ordinance establishing the loan, the balance of the loan shall bear interest at the rate estimated by the director of finance to be the average rate the City and Borough earned or will earn on its certificates of deposit over the applicable period with interest computed on an annual basis; principal and interest on the balance shall be repaid from future revenues appropriated by the assembly for the purpose of repayment.

Central Treasury Loan (CBJ 57.05.045)
The last form of lending/borrowing that the Assembly could make between funds is called a Central Treasury Loan. In this case, the Assembly uses idle cash to fund capital acquisitions in another fund via a more formal arrangement. This would be very similar in substance to issuing debt to another fund. The agreement would have repayment terms (greater than a year), interest rates, and would be accounting for as a long term loan on the fund receiving the money's statements and an investment in the General Fund:

> 57.05.045 - Central treasury loans.
> (a) The finance director may invest temporary idle money in the central treasury in short-term loans to specified funds of the City and Borough for the purpose of capital acquisitions upon approval of the assembly by ordinance. Such loans shall be included in the central treasury investment portfolio.
> (b) Except as otherwise specifically provided in the ordinance establishing the loan, the balance of the loan shall bear interest at the rate estimated by the finance director to be the average rate the City and Borough earned or will earn on its certificates of deposit over the applicable period with interest computed on an annual basis; principal and interest on the balance shall be repaid to the central treasury from future revenues appropriated by the assembly for the purpose of repayment. The term of the loan shall not exceed five years.

**Current Status:**
As of the year ending 6/30/20, the City and Borough of Juneau recognized advances of $14,898,813 in its financial statements. These were predominantly advances of General

Fund dollars to the Pandemic Response Special Revenue Fund that were reimbursed by Federal Grant revenue subsequent to year end. The Marine Passenger Fee Fund and the Hotel Tax Fund both had smaller advances at year-end, which management deemed at year-end to be shorter-term and related to unanticipated pandemic-related revenue shortfalls.

In the Manager's Revised Fiscal Year 2022 budget that was presented to the Assembly, there are multiple funds that are proposed to have negative fund balances, or cash positions, at the end of FY2022: the Marine Passenger Fee Fund, the Downtown Parking Fund and the Eaglecrest Fund.

Of these, we anticipate that only the Marine Passenger Fee fund will be the longer-term interfund payable, with the others just transitorily going negative during Fiscal Year 2022, knowing that management and the Assembly will be addressing both in Fiscal Year 2023.

If the Assembly adopts the budgeted revenues and expenditures as presented in the Manager's revised budget, they would be signaling their intention to loan General fund dollars to the Marine Passenger Fee fund for more than a year, which would place a temporary restriction on those money until they are repaid to the General Fund. That happens when the Marine Passenger Fee fund collects more in revenue than they spend, replenishing the fund's cash balance.

# Passenger Fee Funding Requests

The CBJ Code requires the Manager to forward all submittals for passenger fee requests to the Assembly for consideration. The Assembly is not required to take individual action on these requests.

Per Title 69, Chapter 20.120(b)(3):

*The manager shall forward all submittals, cruise line industry comments, board comments, public comments, and the manager's final recommendations to the Assembly Finance Committee for consideration. The Finance Committee will forward the final list of marine passenger fee proceeds' projects to the Assembly for consideration during its deliberations on the annual City and Borough budget.*

TRAVEL JUNEAU

December 22, 2020

Rorie Watt
City Manager, City & Borough of Juneau
Mila Cosgrove
Deputy City Manager, City & Borough of Juneau
155 S Seward St
Juneau, AK 99801

Dear Rorie and Mila,

Travel Juneau requests funding from Marine Passenger Fees to continue these cruise passenger service programs in FY22:

<u>1) Crossing Guard Program - $363,423 –</u> Only actual costs up to $330,385 will be billed against the passenger fee request along with a 10% admin fee ($33,038 on crossing guard program only) for Travel Juneau, which monitors and administers the program on behalf of CBJ.

The estimate includes mandatory flagger training via the Alaska State Department of Transportation ($7,000) and staffing at three key crossings, as indicated by the past experience: the Goldbelt/Mt. Roberts Tram staging area, the roundabout at the public library, and Marine Park/Ferry Way. As the season approaches, staff of Goldbelt Security, the Port of Juneau, Travel Juneau, and TBMP will assess further needs or changes. Goldbelt Security will continue to employ supervisors to monitor needs and activity at the designated crosswalks and will regularly update Travel Juneau regarding the program. Hourly billing for this project is $35.70 per man hour, down from $36.33 in FY20.

<u>*2) Travel Juneau Visitor Services Program*</u> -$150,000 – The Visitor Services Program assists cruise visitors by providing directions, maps, information about medical resources, community services and local activities. While FY222 numbers will no doubt be lower than Juneau has previously experienced, providing these services builds goodwill and encourages these visitors to return independently. Travel Juneau will also be reengaging our volunteer corps and continues to have one of the largest Destination Marketing Organization (DMO) volunteer programs in the United States.

Program expenses include, but are not limited to:

- 60% of full-time TJ staff to recruit, train, and supervise 150+ Juneau volunteers, manage all visitor centers, develop, produce, and maintain inventories of up-to-date visitor and volunteer informational materials. Includes regular communications to volunteers.
- 100% of two seasonal staff tor the Cruise Ship Terminal Visitor Center (CST) and Marine Park kiosk
- Volunteer recruiting efforts, including ad placement
- Volunteer trainings and recognition
- Visitor materials, including more than 115,000 maps and informational handouts for distribution at the CST and kiosk
- Supplies for the visitor centers
- Subscription to online volunteer scheduling calendar

Travel Juneau did not receive Marine Passenger Fee grant support for FY21 and this request is essentially the same as for FY20. The budget considers increased costs for printing, supplies, postage, and online scheduling software. Travel Juneau monitors this budget closely.

Please refer to the attached documents for estimated expense details on the Crossing Guard and Visitor Services Programs.

Travel Juneau is very proud to be associated with safety and service for our cruise visitors, and we appreciate the CBJ's support of these efforts to make Juneau a safe and hospitable visitor destination.

If you need further information about these programs, please don't hesitate to contact me.

Sincerely,

Liz Perry
President/CEO
Travel Juneau

cc: Jeff Rogers, Director of Finance, CBJ
George Schaaf, Director of Parks & Rec, CBJ

TRAVEL JUNEAU

**Travel Juneau**

**FY22 MPF Request - Visitor Information Services**

| | | | | |
|---|---|---|---|---|
| | | | **FY22** | |
| **Income** | | | **Projected** | **Notes** |
| | | | | |
| **TOTAL REQUEST:** | | | **$ 150,000** | Marine Passenger Fee request |
| | | | | |
| **Expenses** | | | | |
| | | | $ 61,500 | 60% of full-time expense: 2 FTE, year-round |
| | | | $ 21,000 | 100% of seasonal expense: 2 FTE, seasonal only |
| | | | $ 2,000 | Volunteer Scheduling and Management Software (annual) |
| | | | $ 5,500 | Volunteer Recruitment and Training |
| | | | $ 6,000 | Volunteer Recognition |
| | | | $ 2,000 | Visitor Site Supplies |
| | | | $ 25,000 | DT Walking Maps & Translations |
| | | | $ 5,000 | Telephone & Internet |
| | | | $ 22,000 | Postage: Regular and AKA Fulfillment (bulk mail) |
| | | | | |
| | **TOTAL** | | **$ 150,000** | |

Note: Estimated FY22 Visitor Information Services budget total is $227,000, down from FY20 and flat from FY21
The remaining expenses are funded by Travel Juneau-generated revenue and the hotel bed tax grant.

TRAVEL JUNEAU

| Crossing Guard Program - FY 2022<br>Goldbelt Security Estimates | |
|---|---|
| Jul-21 | $70,830.00 |
| Aug-21 | $70,830.00 |
| Sep-21 | $55,725.00 |
| Oct-21 | $2,500.00 |
| May-22 | $3,500.00 |
| Jun-22 | $53,500.00 |
| Jul-22 | $66,500.00 |
| Est Training Cost | $7,000.00 |
| Goldbelt Total | $330,385.00 |
| 10% Admin to Travel Juneau | $33,038.50 |
| Program Total - FY22 | $363,423.50 |

TBMP
Tourism Best Management Practices
Making Tourism Work for Juneau

December 8, 2020

City and Borough of Juneau
Rorie Watt, City Manager
155 South Seward Street
Juneau, AK 99801

Tourism Best Management Practices (TBMP), begun in 1997, annually involves over 120 companies and nearly 3,000 employees. Our local businesses and employees take great pride in working in Juneau's visitor, retail, and hospitality industries and understand the importance of operating in harmony with our neighborhoods and the community. We have made TBMP an integral part of our seasonal tourism operations and training programs for the past 24 summers.

The most significant aspect of TBMP is that it is a results-oriented program. Every year since its inception, operators conduct a thorough critique of the previous season. We study the prior summer's tourism hotline comments, the letters to the editor and anecdotal comments from various meetings and our elected officials. Our guidelines are fine-tuned each season in order to proactively minimize impacts in the community.

TBMP's approach involves every staff member who directly interacts with both visitors and residents, giving our employees ownership of the program and accountability for their actions in carrying out operations each season.

TBMP has proven to be a significant, positive factor in addressing impacts in our community, and we have helped both Ketchikan and Skagway with their initiating TBMP in those communities. Icy Strait Point is also looking at beginning their program in 2021 based on the Juneau model.

We ask for your continued support of this program through the allocation of $15,000 in marine passenger fees. Given the onset of Covid-19 across the country and in Alaska, the visitor industry suffered greatly in 2020, as did other sectors of Alaska's economy. TBMP returned the allocated funding for FY21 in light of our not seeing cruise passengers in 2020. We hope to see some resumption of business in 2021 and ask that you fund our request for FY22.

This funding allows us to hold public meetings, to conduct outreach in the community, and to support the monitoring of the Tourism Hotline, all of which focus on our goal of managing impacts. The funding also allows us to honor our commitment to the Assembly to find more effective ways to promote the program throughout our community including use of our website. (**www.TBMP.info**)

Regardless of the uncertainty surrounding the volume of cruise visitors in 2021, our goals to address and manage impacts in the community remain the same and our commitment will not waiver. The organization will continue to work to identify better ways to manage pedestrian and vehicle movement throughout the CBJ and especially in the downtown core. We are aligned with and support many of the Visitor Industry Task Force recommendations to the Assembly. We continue to challenge our members, asking them to critique the current TBMP guidelines and propose possible changes or additions which may assist us in managing impacts throughout the CBJ.

I respectfully request your review and continued support of our efforts and the program.

Sincerely,

S. Kirby Day, III
TBMP Director
704 S. Franklin Street
Juneau, AK. 99801
Office: 907-364-7250
Mobile: 907-723-2491

Cc: Liz Perry, Travel Juneau

Goldbelt
INCORPORATED

December 30, 2020

Susan Phillips
155 S. Seward Street
Juneau, Alaska 99801
susan.phillips@juneau.org

Ref: Cruise Ship Head Tax Funding

Dear Ms. Phillips,

The **Goldbelt Aerial Tramway** is asking for your consideration in providing funding for a couple of capital improvement project's scheduled for the spring of 2021. The projects will help maintain and improve the appearance of one of Juneau's most recognizable landmarks and premier resort destinations.

***The lower tram terminal building re-paint*** is part of our overall lower terminal re-model project which started back in January of 2020. With the interior remodel finished, the re-painting of the lower terminal would complete this project will enhance the overall guest experience and improve the beauty of the sea walk and surrounding areas.
***The upper terminal Skybridge re-painting*** project was started in summer of 2019 and set to resume in spring of 2021. This project calls for removing of brown oxidation from the steel and then repainting of the entire steel Skybridge tower. Once finished this would protect the structure while enhancing the beauty and splendor of this incredible structure. The estimated costs for the project are listed below:

| | |
|---|---|
| • Lower Terminal re-paint | $30,000 |
| • Upper Terminal & Skybridge re-paint | $150,00 |
| ***Total Funding Requested*** | ***$185,000*** |

Please feel free to contact with any questions or if you need any additional information.

Sincerely,

Jim Duncan Jr.
General Manager
Goldbelt Aerial Tramway LLC.
907.463.1302 direct line
907.723.8618 cell

Goldbelt
INCORPORATED

Ursula Jones
Goldbelt Seadrome Marina
3025 Clinton Drive
Juneau, Alaska 99801
ursula.jones@goldbelt.com

December 29, 2020

Susan Phillips
155 S. Seward Street
Juneau, Alaska 99801
susan.phillips@juneau.org

Dear Ms. Phillips,

The Seadrome Marina has been an icon on Juneau's waterfront since it was built in the early 80's. Goldbelt purchased the Seadrome in the mid-90's and my organization is committed to increase the properties eye appeal by routinely maintaining and updating structures. Repairs and updates to the property are not only necessary, but important for the livelihood of the Seadrome Marina as well as the Juneau tourist industry. Our marina is visited by vessels from around the world and it is important to Goldbelt that we provide the best moorage accommodations possible and we can accomplish this goal by increasing the Seadrome's charm by updating our property.

As we forge ahead into the new tourist season, it is important to continue planning and executing capital expense projects. The next improvement projects that Goldbelt plans are replacing our run-down storage shed, removal of a dilapidated deck, and replacing the original windows on the street side of the building. While replacing the windows and shed on the street side would provide walking tourist a view of updated structures that are well-maintained, removing the deck will give Seadrome visitors an opportunity to enjoy an unobstructed view of the beach below our building.

In an effort to continue to provide an appealing mooring location for smaller vessels and walking tourist, we request consideration for the following capital improvement projects to receive funding from the Marine Passenger Fee Program at the Seadrome Marina.

| | |
|---|---|
| • Replace storage shed | $18,000 |
| • Demolish old deck and cut pilings down to beach level | $24,000 |
| • Replace original windows on windows facing roadway with new vinyl windows | $35,000 |
| ***Total Funding Requested*** | ***$77,000*** |

The Seadrome Marina will continue to be an important small vessel mooring location in downtown Juneau and Goldbelt plans to continue maintaining and updating the building and surrounding structures. With the funding of the Marine Passenger Fee program, we can move forward with these important improvement projects and continue to be a marina that yacht's and small cruise ships look forward to mooring at while visiting our beautiful city. Please contact me at (907) 321-2940 or ursula.jones@goldbelt.com if you have any questions.

Sincerely,

*Ursula Jones*
Lands Manager

JUNEAU
DOWNTOWN BUSINESS
ASSOCIATION

December 30, 2020

Rorie Watt, City Manager
City & Borough of Juneau
155 South Seward Street
Juneau, AK 99801

Re: Passenger Fee Request for the Downtown Ambassador Program for FY22

Dear Mr. Watt,

The Downtown Business Association hereby requests funding for the Downtown Ambassador Program for FY22 of $67,000, the same as requested in the previous fiscal year. As planned for FY21, the DBA believes it can deliver a higher quality service to downtown visitors using direct-hire employees.

We propose to provide services that will assist cruise ship passengers in accessing Juneau's downtown business core during the summer months by providing excellent hospitality, including a safety presence, kindly directions, recommendations, and general assistance. DBA will provide Ambassador services by a uniformed individual for up to 10-hours/day whenever there are cruise ships in port. The Ambassadors will assist vessels by providing needed information and support. They also alert police to public nuisance and safety issues in the downtown business core area.

The DBA will adapt this service to the current needs of our community for FY22. Downtown businesses have observed an increase in loitering during and after regular business hours. Having a team of positive, community-oriented individuals who can help move along loiterers and give businesses tools to help maintain a safe downtown is an additional need for this coming year.

The grant request includes 15% administrative overhead, including the cost of contract administration, follow-up with membership on performance issues, and grant reporting for CBJ.

Thank you for your continued support.

**Sincerely,**

Midgi Moore

**Midgi Moore**
**President**

A.J. JUNEAU DOCK, LLC.
P.O BOX 8084, KETCHIKAN, AK 99901 ◊ PHONE: (907) 225-0999 ◊ FAX: (907) 247-6042
STREET ADDRESS: 1110 JACOBSEN DRIVE; JUNEAU, ALASKA 99801

# MEMORANDUM

TO: CBJ City Manager
City and Borough of Juneau Assembly

FROM: Drew Green, AJ Juneau Dock LLC

SUBJECT: FY21 Marine Passenger Fee Proceeds Project List

DATE: 12/31/2020

The AJ dock has operated in the port of Juneau since 2004 and has accumulated projects appropriate for Marine Passenger Fee proceeds collected from cruise vessel passengers using the port facility. The projects requested for FY22 are listed below with a brief description of each project.

## AJ Dock CBJ MPF PROJECT REQUESTS FY2022

**AJ Port Facility Security, Safety and Restroom Maintenance: Training, Equipment, Maintenance, Supplies, Cleaning and Exercises**
This project includes training; maintenance and supplies related to security and safety equipment; CCTV monitoring system maintenance; restroom cleaning and maintenance; signage; credentialing; exercises; and operations related to the safety and security of the cruise ship facility. Due to recent US Coast Guard regulatory changes personnel additions are required to perform increased access control screening which will add 2 FT and 1 PT port security officer positions at this facility.
**$179,800**

**AJ Dock safety barrier fence replacement – PHASE II**
The AJ dock has fences around the perimeter of the barges that make up the dock. These fences over the last 15 years have been bent, damaged and are nearly unusable in some spots. A new barrier system similar to that of the new CBJ docks is preferred for safety and operations. This project is to design and build a stouter version (much smaller gauge than that at CBJ's docks) of safety barrier fencing for the AJ dock with fork pockets for removal by forklift. *Note: this project was funded in FY20 but funds were diverted to FY21 operations in agreement with CBJ management in lieu of receiving any FY21 MPF proceed grant funding.*
**$68,500**

**Juneau Port Security Patrol and Short-Range Response Boat Operations**
The Department of Homeland Security Port Security Grant Program awarded the AJ dock with a port security and short range response boat that conducts port security patrols, at-sea deliveries to cruise ships in port (many items cannot go over CBJ's docks for security reasons), is designed to accommodate medi-vacs, spill response, salvage response, on-scene coordinator/command and CBP/law enforcement boarding when ships are at anchor or at sea. This request is solely to cover the manning, maintenance and operational expenses related to this vessel.
**$19,600**

**Barge Maintenance**
Every 5 years the AJ Dock floating barge components need to be towed and dry-docked for anti-fouling, painting, and zinc anode replacement. This maintenance project is due again in 2021 for re-installation completed by April 2022. The project scope includes towing the barges to a shipyard drydock; dry dock labor, equipment and supplies; barge zinc anodes; derrick crane barge to remove/replace mooring collars and the shore bridge; electrical decommissioning/reconnection, plumbing and wastewater disconnection/reconnection.
**$750,000**

**AJ Uplands Modifications for Passenger Safety, Movement and Vehicle Staging**
The AJ Dock uplands was originally designed 16 years ago with a much different class and size of vessel than is experienced today. The movement of people through the facility uplands has become overcrowded and confusing for passengers going ashore making their way to experience Juneau. Of utmost concern is widening areas for pedestrian movement so that passengers are not walking in the roadways. Planners and architects along with tour operators have been consulted to create a more conducive and safer operational site for current (and future) volumes of passengers. There are 2 phases of the project which could be completed without interruption during the cruise season. The Phase 1 cost for construction, design completion, permitting is:
**$329,000**

**Mooring Bollard Addition**
The ships calling the AJ dock have increased significantly over the last few years in tonnage, beam and length to the point that the dock is in need of additional mooring bollards to secure vessels to the pier. The current infrastructure is at maximum capacity currently. Additional bollards options will offer a more secure and safe moorage for vessels calling and forecasted at the pier. This project will add two additional mooring dolphins each with (2) 150ton bollards and connecting catwalks.
**$2,950,000**

**Susan Phillips**

| | |
|---|---|
| **From:** | Day, Kirby (HAP) <kday@hagroup.com> |
| **Sent:** | Monday, January 4, 2021 2:03 PM |
| **To:** | Susan Phillips |
| **Cc:** | reedstoops@aol.com |
| **Subject:** | Franklin Dock - FY22 MPF request |
| **Attachments:** | USCG-MSIB_UNCLASS_SP_Port of Call Access Control_18Dec20.pdf; 21 CBJ Franklin Dock Marine Pax Fee letter FY22.docx |

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

Susan – please find attached, the MPF request for Franklin Dock for FY22 (July 1, 2021 – June 30, 2022) as well as USCG Marine Safety Informational Bulletin regards new regulations for Port of Call Access Control, as referenced in Franklin Dock request.

Please confirm receipt.
Thank you, Kirby Day

**S. Kirby Day, III PFSO Franklin Dock, Juneau Alaska**
**Government and Community Relations**
**Holland America Group - Princess Cruises, Holland America Line & Seabourn**
**704 South Franklin Street | Juneau, AK 99801**
**+1-907-364-7250 office | +1-907-723-2491 mobile**

**kday@HAgroup.com**

January 4, 2021

City and Borough of Juneau
Rorie Watt, City Manager
155 South Seward Street
Juneau, AK 99801

Dear Rorie:

Please accept this as the proposed list of projects at Franklin Dock for funding consideration from Marine Passenger Fee proceeds for FY22.

**Dock Security**

This covers required security supplies, exercises and training for all personnel with security-related duties and other security-related expenses. This also includes security guard enclosures/equipment necessary to achieve compliance with USCG approved security plan in providing ISPS related services to vessels while in port.

FY22 and beyond will require additional personnel (for all cruise ship facilities) to address new USCG Transportation Security Act regulations (see attached).

On December 18th, 2020 Coast Guard Sector Juneau released a Marine Safety Information Bulletin clarifying the regulatory requirements for Maritime Transportation Security Act (MSTA) regulated facilities which receive large foreign passenger vessels (i.e. cruise ships). The Consolidated Cruise Ship Security final rule, published on March 19th, 2018 defined the differences between a "cruise ship terminal" and a "port of call". The final rule also prompted a conversation between USCG Sector Juneau and SEAK industry stakeholders, including Franklin Dock Facility Security Officer (FSO) in Juneau. Previously, SEAK industry stakeholders (including Franklin Dock FSO) interpreted Title 33, Code of Federal Regulations (CFR), Section 105.255(d)(4) as a list of documents which could serve as personal identification irrespective of criteria in 33 CFR 101.515. As such, facility security personnel were allowing individuals with only a vessel boarding pass or room key card to gain access to the secure area adjacent to the cruise vessel.

The resultant clarification in the MSIB is that, effective **April 1st, 2021**, facility security personnel must use a two-prong approach to ensure proper identification and valid purpose:

1. Check the personal identification meeting the criteria in 33 CFR 101.515; and,
2. Confirm the purpose for access by examining at least one document listed in 33 CFR 105.255(d)(4).

Although this may seem like a minor additional task to validate an ID with a boarding pass or key card, we believe the impact will greatly impede the flow of passengers returning to their vessel. The above mentioned two-prong requirement will be similar to what one experiences at an airport TSA checkpoint. The extra time required to ensure each boarding pass matches the government issued ID has the potential to create delays when excess of 1000 passengers/hour attempt to re-board their vessels in Juneau. Additionally, passengers who do not have government issued ID will need to be escorted by port facility security to the vessel security officer which will only exasperate those waiting in the queuing line.

By funding two (2) additional (seasonal) port security officers, this will augment the standing Franklin Dock security force enabling greater redundancy for properly checking credentials in accordance with Coast Guard guidance.
**$140,000**

**Restroom Cleaning and Maintenance**
These expenses include maintenance, repairs, supplies and cleaning for public restrooms at the Franklin Dock which were originally built and funded with Marine Passenger Fees. The cleaning portion of the expenses is based on a twice-per-day cleaning schedule on ship days.
**$30,000**

**Dock Maintenance and Refurbishment**
This request is to cover a variety of dock maintenance projects.

Patching of all trip hazards on dock surface. Follow-up the summer 2020 resurfacing project to apply slip-resistant grout as necessary to ensure safe and slip-proof pedestrian access. $6,000

Minor repair/replace various shore power fittings and connectors which have worn. $8,000

Re-attach walkway on both ends of dock structure. $6,000

Replace damaged pieces of wood bull rail. $2,000

Railing clean up and cold galvanizing both ends of railings. $5,000

Service all winches and replace gear oil. $3,000

Repair broken electrical connections back side of dock. $10,000

Front of dock (beach side) replace some treated wood tappers. $6,000

**$46,000**

**Grand total requested = $216,000**

Sincerely,

Reed Stoops
Franklin Dock Enterprises
350 N. Franklin, #2
Juneau, AK 99801

# U.S. COAST GUARD
# SECTOR JUNEAU

December 18, 2020

# MARINE SAFETY INFORMATION BULLETIN

## Port of Call Access Control

This safety bulletin serves to clarify regulatory requirements for Maritime Transportation Security Act (MTSA)-regulated facilities that receive large foreign passenger vessels (hereafter "cruise ships") throughout the Southeast Alaska Captain of the Port zone.

**Background** – The Consolidated Cruise Ship Security Regulations final rule, published on March 19, 2018, defined and clarified the differences between a "cruise ship terminal" and a "port of call." The final rule also prompted a conversation between Sector Juneau and Southeast Alaska industry stakeholders to discuss processes and expectations. For years, industry had interpreted Title 33, Code of Federal Regulations (CFR), Part (§) 105.255(d)(4) as a list of documents that could serve as personal identification, irrespective of the criteria in 33 CFR § 101.515. As such, facility security personnel were allowing individuals with only a boarding pass or room key to gain access to the secure area. The Coast Guard Office of Port & Facility Compliance recently found that additional measures are needed to meet the intent of the security regulations.

**Requirement** – Before allowing any person, including apparent vessel passengers, to access the secure area of an MTSA-regulated facility, security personnel need to use a two-pronged approach to ensure proper identification and a valid purpose:

1. Check personal <u>identification</u> meeting the criteria in 33 CFR § 101.515; and
2. Confirm the <u>purpose</u> for access by examining at least one of the documents listed in 33 CFR 105.255(d)(4).

The Coast Guard understands that complying with these regulations for the first time will require industry to reassess their operations and procedures. The remoteness of Alaska and physical arrangement of some MTSA-regulated facilities are unique. These circumstances will likely necessitate a collaborative effort between industry and the Coast Guard to address any concerns, and my staff look forward to discussing the way forward with you. Together, I am confident we can find solutions that meet the letter and intent of MTSA regulations and overcome challenges that stakeholders may encounter.

**Deadline** – Facility owners/operators submit amendments to facility security plans that document compliance with 33 CFR § 101.515 and 33 CFR 105.255(d)(4) no later than April 1, 2021. In addition, every facility must have implemented the process proposed in the amendment before receiving a cruise ship.

**Contact** – For any questions regarding this safety bulletin or port of call access control, please contact the Sector Juneau Facilities Division at (907) 707-5513 or email D17-PF-SectorJuneauPrevention@uscg.mil.

Sincerely,

S. R. White

S. R. WHITE
Captain, U.S. Coast Guard
Captain of the Port
Southeast Alaska

## Susan Phillips

| | |
|---|---|
| **From:** | Carl Uchytil |
| **Sent:** | Thursday, December 31, 2020 4:20 PM |
| **To:** | Rorie Watt |
| **Cc:** | Mila Cosgrove; Jeff Rogers; Susan Phillips; Sam Muse |
| **Subject:** | MARINE PASSENGER FEE (MPF) - FY21 REQUESTS |
| **Attachments:** | MPF_Request_FY2022_AJ_FKL_CBJ.pdf; MPF_Request_FY2022.pdf |

Rorie –
Please see the two attached requests for MPF. One is specific for Docks & Harbors and is similar to previous requests. The other is a consolidated request, along with the AJ Dock and Franklin Street Dock managers, asking for financial consideration to meet currently unknown COVID requirements which may be required by CDC guidance to support the cruise industry in 2021. The concept is that these shore-side requirements will likely be the same at each of the Juneau dock facilities and that it would be best to bundle them under a single MPF request.

Sincerely,
Carl

*Carl Uchytil, P.E.*
*Port Director*
155 S. Seward Street
Juneau, Alaska 99801
907-586-0294
907-586-0295 (fax)

# Port of Juneau

155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

Carl J. Uchytil

**From:** Carl Uchytil, P.E., Port Director

**To:** Rorie Watt, City Manager

**Cc:** Mila Cosgrove, Deputy City Manager

**Date:** December 31th, 2020

**Re:** COORDINATED - FY 2022 MPF REQUEST

1. Earlier this month, Kirby Day, Drew Green, Harbormaster Matt Creswell and myself met to discuss the universal needs required for each of the cruise ship docks to meet the yet to be determined shore-side protocols that will enable the industry to operate safely in 2021. Though the first vessel arrival is scheduled 116 days from today, the requirements under development will mostly likely change numerous times before government approval and steady state operations are achieved. It would seem prudent to pursue a funding mechanism in which each of the cruise ship docks (AJ, Franklin, AS & CT) can draw upon resources to ensure a nimble and consistent response in supporting the industry. Some potential needs could include:
   - PPE and cleaning supplies (hand sanitizers, wash stations, masks, etc)
   - Contractual cleaning of high touch surfaces (i.e. restrooms, busses, etc)
   - COVID surveillance testing of personnel engaged in the tourism industry
   - Local isolation/quarantine housing needs not covered by the cruise ship companies
   - Waterfront social distancing devices (personnel barriers, floor decals, etc)

2. The cost and demonstrative services associated with these demands is evolving; however, the fiscal reality is that major costs could be borne by the Juneau dock facilities as soon as in March, April, May & June of 2021. To maintain consistency throughout the Juneau waterfront, it seems reasonable to manage all these needs under a central funding program administered from the City Manager's Office or delegated to Docks & Harbors. Since the extraordinary costs may be needed in FY21, it is recommended that these costs be subsidized now and then reimbursed when FY22 MPF become available after July 1st. As a funding strategy, it may be appropriate for the CBJ Docks Enterprise to grant the short term needs through our Docks Fund Balance with the expectation that it be replenished later in calendar year 2021.

3. Please contact me if you have questions at 586-0294.

#

Copy: Kirby Day
Andrew Green

# Port of Juneau

155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

Carl J. Uchytil

**From:** Carl Uchytil, P.E., Port Director
**To:** Rorie Watt, City Manager
**Cc:** Mila Cosgrove, Deputy City Manager
**Date:** December 31th, 2020
**Re:** FY 2022 Marine Passenger Fee (MPF) Request

---

1. Attached for your consideration is a list of FY21 Marine Passenger Fee requests from Docks & Harbors. This list was discussed by the Docks & Harbors Board at its November 19th, 2020 regular board meeting.

2. Please contact me or Erich Schaal if you have questions at 586-0282.

#

Encl: FY22 Docks & Harbors Marine Passenger Fee Request

# CBJ Docks and Harbors Board
# FY2022 Marine Passenger Fee Request

## Area Wide Port Operations

**Descriptions:** CBJ's cruise ship docks and associated infrastructure are run as an enterprise fund established by local ordinance. All expenses and revenues associated with operating and maintaining CBJ's cruise ship docks and associated infrastructure are accounted within this fund. The CBJ Assembly has placed these assets under the responsibility of the Docks and Harbors Board. CBJ Ordinance Title 85 requires the Board to be self-supporting, generating revenues sufficient to meet the operating costs of the docks enterprise.

The Board has established a number of fees to generate revenues from users of the assets. The Board has calibrated these fees to assure the overall revenue generated by the enterprise equals the overall cost of running the enterprise.

Many of the uplands assets are used by entities which it is not possible, feasible, or acceptable to charge fees. As a result, users paying fees are subsidizing users that do not pay fees. The services provided to these users are area wide in nature benefiting the general public and cruise ship passengers of private docks. As part of this fee request, the Board identified services that are area wide in nature.

**Board identified the following services:**

1. Year round maintenance and monitoring of Marine Park.
2. Maintenance and operation of public parking at the Columbia Lot and seasonal public parking at the Steamship Wharf Plaza and the Visitor's Center Lot.
3. Maintenance and operation of unrestricted pedestrian access along the waterfront at the public docks.
4. Maintenance of tour operators Vendor Booths.
5. Maintenance and operation of shuttle drop-offs and pick-ups in the CBJ loading zone that are used by all cruise ship terminals in Juneau.
6. Providing area wide port security. Of note are new Coast Guard requirements to validate credentials of passengers and crew returning to the cruise ships. New security structures will provide greater efficiencies but the resultant will be greater staff responsibilities to meet facilities security plans.
7. Billing and collecting CBJ area wide fees for all docks.

The Board reviewed its FY20 budget and apportioned expenses associated with these services. Based on its review, it estimates that about 15% of the annual docks budget is attributable to area wide services.

**Marine Passenger Fee Funds Requested (FY22):** $275,000

**Benefits:** This approach is supported by the cruise ship industry since it is more equitable than raising dockage fees. This approach meets the intent of the marine passenger fee since the services benefit all cruise ship passengers, not just the passengers at the public docks. This approach allows the Docks and Harbors Board to direct part of the dock lease revenues to the much needed rebuild effort of the small boat harbors reducing the need for fee increases at the harbors.

**Maintenance and Operation Responsibility:** CBJ is responsible for all ongoing maintenance and operating expenses and will use local Docks enterprise funds for these expenses.

Project Contact: Erich Schaal, CBJ Port Engineer or Carl Uchytil, CBJ Port Director 586-0292.



December 31, 2020

# CBJ Docks and Harbors Board
# FY2022 Marine Passenger Fee Request

## Port-Customs and Visitor Center Buildings Maintenance Support

**Project Descriptions:** The Port-Customs and Visitor Center buildings are located on the downtown Juneau waterfront, an area that serves over one million cruise ship passengers each year. Docks and Harbors, an enterprise fund, is responsible for costs associated with operating the Port-Customs and Visitor Center Buildings. Expenses include all utilities (water, sewage, electrical, alarm monitoring) and facility support (parking lot, plaza, snow removal, janitorial and general maintenance). The two buildings comprise approximately 4450 square feet in area. Maintenance costs are estimated at $2.50 per square foot per month equaling $133,500.

**Marine Passenger Fee Funds Requested (FY22):** $133,500

**Project Review:** The Port-Customs Building was completed in May 2011 with the Visitor Center completion in June 2012. The project which included the buildings, infill dock construction, covered shelters, landscaping and plaza cost approximately $9M and was funded with Marine Passenger Fees. The Port-Customs Building is occupied by the US Customs and Border Protection (CBP) and Docks and Harbors staff. CBP claims to be exempt from any costs associated with their operations within a port. The Visitor Center Building is occupied by the Travel Juneau, a non-profit organization for the purpose of supporting cruise passenger inquiries. The Travel Juneau budget does not support maintenance of the building. This leaves the Docks enterprise funds fully exposed to the costs of maintaining and servicing these buildings.

**Benefits:** By establishing a Port-Customs and Visitor Center Buildings maintenance fund Docks & Harbors can effectively manage and maintain the properties entrusted under their responsibilities. Passenger fees were granted for this purpose in FY2013 through FY2020.

**Maintenance and Operation Responsibility:** CBJ Docks and Harbors is responsible for all ongoing maintenance and operating expenses of these two buildings and associated upland support facilities.

**Project Contact:** Erich Schaal, CBJ Port Engineer or Carl Uchytil, CBJ Port Director 586-0292.

# CBJ Docks and Harbors Board
# FY2022 Marine Passenger Fee Request

## CBJ Parks & Recreation Landscape Maintenance Services

**Project Descriptions:** Docks & Harbors managed property includes the downtown waterfront from the Taku Dock to Merchant's Wharf. The landscaping has been maintained by CBJ Parks & Recreation seasonal staff for several years out of the CBJ general fund. Flowers, flower pots, trees, shrubs and grass along Marine Park, Cruise Ship Terminal and Alaska Steamship waterfront are meticulously planted and groomed in an admirable fashion. Beginning in FY15, Docks & Harbors was directed to fund this maintenance out of the Docks Enterprise budget.

**Marine Passenger Fee Funds Requested (FY22):** $45,000

**Project Review:** The requested amount has been developed by a CBJ Parks & Recreation algorithm based on requirements to propagate plant and maintain the vegetative cover, new seedlings, plants and flowers.

**Project Time-Line:** This project would be an interdepartmental transfer from Docks & Harbors to CBJ Parks & Recreation.

**Maintenance and Operation Responsibility:** Commencing in FY15, Docks & Harbors has been assigned sole responsibility for maintaining the greenery along the CBJ owned waterfront, including outside parking lot facilities.

**Project Contact:** Erich Schaal, CBJ Port Engineer or Carl Uchytil, CBJ Port Director 586-0292.

## Safety Guardrail Along Dock Face

**Project Descriptions:** The project would be located along the downtown Juneau waterfront, an area that services approximately one million cruise ship passengers each year. The project consists of constructing a new guardrail along the face of the existing dock.

**Marine Passenger Fee Funds Requested (FY22):** $1,000,000

**Project Review:** This project would construct a new pedestrian guardrail along the existing dock face from Marine Park to the South Berth approach dock. The existing dock face only features an eighteen inch bullrail at the edge. For pedestrian safety a forty two inch high guard rail would be constructed. The proposed guardrail would be designed in the same character as other guardrails along the Seawalk.

**Project Time-Line:** This project would begin as soon as funding is allocated. The first step would be to design the guardrail and prepare construction bid documents. Upon award of a contract to the lowest qualified bidder construction would begin. The plan is to have the guardrail installed by spring 2022 provided full funding is obtained.

**Maintenance and Operation Responsibility:** CBJ is responsible for all ongoing maintenance and operating expenses. Maintenance and operations expenses for the guardrail would be minimal.

**Project Contact:** Erich Schaal, CBJ Port Engineer or Carl Uchytil, CBJ Port Director 586-0292.

## FY2022 ADOPTED BUDGET FOR DOCKS

**Descriptions:** CBJ's cruise ship docks and associated infrastructure are run as an enterprise fund established by local ordinance. All expenses and revenues associated with operating and maintaining CBJ's cruise ship docks and associated infrastructure are accounted within this fund. The CBJ Assembly has placed these assets under the responsibility of the Docks and Harbors Board. CBJ Ordinance Title 85 requires the Board to be self-supporting, generating revenues sufficient to meet the operating costs of the docks enterprise. An alternative is for the Docks enterprise to be completely funded with Marine Passenger Fees.

**Marine Passenger Fee Funds Requested (FY22):** $1,800,000

**Benefits:** This request places the entire Docks budget under a single funding source.

**Maintenance and Operation Responsibility:** CBJ is responsible for all ongoing maintenance and operating expenses and will use local Docks enterprise funds for these expenses.

**Project Contact:** Erich Schaal, CBJ Port Engineer or Carl Uchytil, CBJ Port Director 586-0292.

## Real Time Current Sensors & Weather Monitoring
## https://www.mxak.org/services/mda/weather/port-of-juneau

**Descriptions:** Three tidal current and three weather sensor systems were installed by Marine Exchange of Alaska (MXAK) in 2016-2017 and are frequently used by vessel operators using the facilities within the Port of Juneau. The real time information is hosted on the above MXAK website. The feedback received from cruise ship pilots, masters and commercial fishermen attesting to the value of the data provided through the system has been overwhelmingly positive.

To ensure continued reliable operation, it is desirable to replace the three existing weather sensors with new and more accurate Gill weather sensors. Through a contract with MXAK, they will procure and maintain a supply of spare equipment to ensure timely replacement should weather sensors fail. Tidal current sensors will be also be serviced and replaced as needed and a spare current sensor procured to ensure timely replacement if necessary. Currently, the tidal current sensor at the Cruise Ship Terminal Float is inoperative. The cost of maintaining spare weather and current sensor equipment, fittings and appurtenances, servicing, repair and replacement of damaged and inoperative sensors would be included in a contract proposal with MKAK.

**Marine Passenger Fee Funds Requested (FY22):** $45,000

**Benefits:** The initial vision for contracting to design and install real time current and weather monitoring was due to the impact of the new cruise ship berths (16B) to impede navigation of vessels mooring/unmooring at the Franklin Street Dock. The Port of Juneau was the first port to leverage this technology developed by MKAK which now provides similar services for the Ports of Ketchikan and Nome. The real time current and weather monitoring applications provide another tool for vessel captains and SE Alaska Pilots ensuring the Port of Juneau is providing world-class facilities for our maritime user groups.

**Maintenance and Operation Responsibility:** CBJ is responsible for all ongoing maintenance and operating expenses and will use local Docks enterprise funds for these expenses.

**Project Contact:** Erich Schaal, CBJ Port Engineer or Carl Uchytil, CBJ Port Director 586-0292.

# CBJ Docks and Harbors Board
# FY2022 Marine Passenger Fee Request

## Additional Personnel for "Port of Call" Access Control

**Description:** On December 18th, 2020 Coast Guard Sector Juneau released a Marine Safety Information Bulletin clarifying the regulatory requirements for Maritime Transportation Security Act (MSTA) regulated facilities which receive large foreign passenger vessels (i.e. cruise ships). The Consolidated Cruise Ship Security final rule, published on March 19th, 2018 defined the differences between a "cruise ship terminal" and a "port of call". The final rule also prompted a conversation between USCG Sector Juneau and SEAK industry stakeholders, including the Port of Juneau. Previously, SEAK industry stakeholders (including the Port of Juneau) interpreted Title 33, Code of Federal Regulations (CFR), Section 105.255(d)(4) as a list of documents which could serve as personal identification irrespective of criteria in 33 CFR 101.515. As such, facility security personnel (including the Port of Juneau) were allowing individuals with only a vessel boarding pass or room key to gain access to the secure area adjacent to the cruise vessel.

The resultant clarification in the MSIB is that, effective April 1st, 2021, facility security personnel must use a two-prong approach to ensure proper identification and valid purpose:

1. Check the personal identification meeting the criteria in 33 CFR 101.515; and,
2. Confirm the purpose for access by examining at least one document listed in 33 CFR 105.255(d)(4).

Although this may seem like a minor additional task to validate an ID with a boarding pass, we believe the impact will greatly impede the flow of passengers returning to their vessel. The above mentioned two-prong requirement will be similar to what one experiences at an airport TSA checkpoint. The extra time required to ensure each boarding pass matches the government issued ID has the potential to create delays when excess of 1000 passengers/hour attempt to embark their vessels during the waning time in Juneau. Additionally, passengers who do not have government issued ID will need to be escorted by port facility security to the vessel security officer which will only exasperate those waiting in the queuing line.

**Marine Passenger Fee Funds Requested (FY22):** $90,000 (1.5 FTE Harbor Technician)

**Benefits:** By funding an additional 1.5 FTE Harbor Technician, Docks & Harbors intends to hire 3 seasonal employees who will augment the standing Docks security force enabling greater redundancy for properly checking credential in accordance with Coast Guard guidance.

**Maintenance and Operation Responsibility:** CBJ Docks & Harbors, as the facility manager for the AS and CT Docks, has uplands security requirements required under MTSA regulations.

**Project Contact:** Matt Creswell, CBJ Harbormaster or Carl Uchytil, CBJ Port Director 586-0292.

# Passenger Fee Public Comments

The CBJ Code requires the Manager to forward all public comments on the proposed uses of passenger fee funds to the Assembly for consideration. The Assembly is not required to take individual action on these comments.

Per Title 69, Chapter 20.120(b)(3):

*The manager shall forward all submittals, cruise line industry comments, board comments, public comments, and the manager's final recommendations to the Assembly Finance Committee for consideration. The Finance Committee will forward the final list of marine passenger fee proceeds' projects to the Assembly for consideration during its deliberations on the annual City and Borough budget.*

**Susan Phillips**

**From:** Larri Spengler <lspengler@ak.net>
**Sent:** Saturday, January 30, 2021 4:17 PM
**To:** Susan Phillips
**Subject:** passenger fee suggestion: covid issues

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

Greetings:

Thank you for the opportunity to comment on the draft recommendations for how Juneau should use whatever funds come from marine passenger fees this budget cycle.

Even though cruise ship passenger (and crew) numbers may pale compared to years before the pandemic, it appears possible that there may be some hundreds of thousands of people arriving in Juneau over the summer on these ships.

If the guidance for how to allocate the passenger fee funds is "to provide services and solve community issues related to cruise ship tourism," it strikes me that covid issues should not be ignored.

I am not in a position to suggest exactly how the city could use the money to protect the Juneau community from likelihood that the virus (in its original form, or as one of the more problematic variants) will make its way off the ships and into our community. But I urge you to consult with qualified people who may be able to suggest how we can address that, and try to stay safe.

Thank you.

Larri Spengler

**Larri Irene Spengler**
**4545 Thane Road**
**Juneau, Alaska 99801**
**907-586-9768 (phone/fax)**
**lspengler@ak.net**

## Susan Phillips

**From:** Mark Patterson <teehbr@ptialaska.net>
**Sent:** Thursday, January 28, 2021 6:07 PM
**To:** Susan Phillips
**Subject:** Public Comment

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

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To Whom it may Concern:

You're asking for public comments on spending cruise ship passenger fees? Here's mine.

When I retired from the state, I took a summer job (so my wife could vacume the couch) driving a tour bus. Driving a big bus through the narrow streets of downtown Juneau is challenging at times. Often times I would be slowly driving along and a tourist, facing a shop up close, would back up, stepping down from the curb to better frame a picture from the street itself and step right in front of (without
looking) any traffic in the narrow street. This happened to me many times. Our narrow streets and sidewalks also caused many tourists to walk in the street it self, causing even more problems.

This obviously is very dangerous for our tourists and we Juneau drivers (commercial and private).

Most deliveries are made to the shops of South Franklin St. by vehicles parking on the sidewalk during the night time hours, so as not to impede traffic on the street.

My solution? Put steel posts ( removeable ?) in the curb, so it would be possible to have glass or plexiglass panels that could slide in and out between the steel posts as needed. This would keep the tourists safely in a safe place and channel them to our guarded crosswalks.

Thank you for listening.

Mark S. Patterson

**Susan Phillips**

| | |
|---|---|
| **From:** | Tom McKenna <mr.t.mck@gmail.com> |
| **Sent:** | Wednesday, January 27, 2021 12:19 PM |
| **To:** | Susan Phillips |
| **Subject:** | Marine Passenger Fee Comment |



Dear Susan,

I've reviewed the Manager's proposal for Marine Passenger Fee use, and I have no objection to any of those expenditures. I would, however, recommend adding to the direct costs, addressing the waste management issues caused by increases in waste treatment and landfill costs created by the cruise industry.

Clearly, for example, we need to incite and require Waste Mangement to do a better job managing odors from the landfill. I'm guessing a large percentage of summer waste volume comes from the cruise industry. Please consider allocating some of those fees to solving the nearterm odor issues (an immediate cruise ship impact and thus an immediate expense) and also the longterm landfill solution. Prioritizing this expenditure would go a long way to improving cruise passengers' experieince in Juneau as well.

Thank you,

Tom McKenna
1410 Mary Ellen Way
Juneau, AK 99801

**Susan Phillips**

**From:** Cordova Pleasants <cordova.pleasants@gmail.com>
**Sent:** Tuesday, December 1, 2020 4:42 PM
**To:** Susan Phillips
**Subject:** Marine Passenger Fee Proposal #1 - Kids Public Playground

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

Hello!

I'm writing to share a proposal idea for the Marine Passenger Fees, please feel free to email back with any questions.

**Proposal #1 - Kids Public Playground**

**Overview**
A large percentage of passengers come as families with small children. The nearest public park with slides and outdoor gym equipment is over a .5 mile/15min walk uphill to Capital School Park from the closest dock. Most passengers do not know about this park, or it is a little too far out of reach for families with small children. Aside from Capital School Park, the only other option is the play equipment aboard their ship. This generally encourages families to stay onboard. It would be wonderful to see a small children's playground be built with these funds to promote a community and family minded atmosphere for travelers.

**Outcome**
1. Provides a FREE activity for families with small children.
2. Makes Juneau a family friendly destination.
3. Gives families a chance to take a break while waiting on excursions, shopping family members, and a place to go in between activities or before embarking.
4. Will be used year round by residents who live within the tourist district or out Thane.
5. Low maintenance, big smiles.

I'm excited to see what other proposals come about, thank you for the opportunity!

Best,
Cordova

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**Cordova Pleasants**
Resolute Boutique
www.resoluteboutique.com
(907)723.9928

**Susan Phillips**

**From:** Cordova Pleasants <cordova.pleasants@gmail.com>
**Sent:** Tuesday, December 1, 2020 4:42 PM
**To:** Susan Phillips
**Subject:** Marine Passenger Fee Proposal #2 - More Art!

**Follow Up Flag:** Follow up
**Flag Status:** Flagged

EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS

Hello,

I'm writing a separate email to share my thoughts on a second proposal for the Marine Passenger Fees. Please don't hesitate to contact me if you have any questions.

## Proposal #2 - Murals!

### Overview

It's no secret Juneau is filled with incredibly talented artists, so let's show them off! There is an awesome opportunity on the south facing side of the Downtown Juneau Public Library for a massive mural. Another great location would be the cement retaining wall alongside the road between the City Museum and the Governor's Mansion.

The mural located on the waterside of the Downtown Public Library already creates conversation amongst visitors and is a stopping point on City Walking Tours and Bicycle Tours. Let's make more!

### Outcome

1. Showcase one or more of our many talented local artists.
2. Create a colorful downtown with even more picturesque views and photo/educational opportunities to learn more about our community.

Thank you for the opportunity to share my thoughts.

Best,
Cordova

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**Cordova Pleasants**
Resolute Boutique
www.resoluteboutique.com
(907)723.9928

# MEMORANDUM

155 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

**DATE:** April 23, 2021

**TO:** Assembly Finance Committee

**FROM:** Jeff Rogers, Finance Director

**SUBJECT:** **FY2022 Hotel Bed Tax & Funded Services**

Introduction

The COVID-19 epidemic has resulted in an economic slowdown that considerably impacts CBJ's forecast Hotel Bed Tax revenue for FY2022. The Proposed FY2022 Budget forecasts $1.25 million of hotel bed tax revenue.

A series of resolutions from the 1980's established the disposition of Juneau's hotel bed tax receipts. A 1993 memo from the City Clerk memorializes the historic 4%/3% split of the then 7% bed tax, with 4% funding tourism promotion (via the Juneau Convention and Visitors Bureau, now Travel Juneau) and 3% funding the operations of Centennial Hall. That split remained generally unchanged until January 1, 2020 when the community increased the hotel bed tax from 7% to 9% with the intent for the additional 2% to assist in funding future capital improvements to Centennial Hall.

So, considering the current forecast of hotel bed taxes and the historically agreed-upon distribution of those receipts, funding in FY2022 is proposed to be distributed as follows.

| Purpose | Organization | % | Bed Tax Available |
|---|---|---|---|
| Tourism Promotion | Travel Juneau | 4% | $555,600 |
| Centennial Hall Operations | CBJ (via JAHC) | 3% | $416,700 |
| Centennial Hall Improvements | CBJ | 2% | $277,700 |
| Total Hotel Bed Tax | | 9% | $1,250,000 |

The following discussion generally assumes that the Assembly will consider continuing its practice of supporting these programs/services with a general fund subsidy that offsets the near-term reduction in hotel bed tax receipts resulting from the economic slowdown from the COVID-19 pandemic.

Discussion – Centennial Hall Operations

Since July 2018, the Juneau Arts and Humanities Council (JAHC) has managed Centennial Hall under a Management Agreement that states the following purpose: "Centennial Hall is owned by the CBJ… The CBJ and JAHC enter into this management agreement of Centennial Hall in order to increase use and facilitate greater coordination of event scheduling between Centennial Hall and the JAHC and to maximize operational efficiencies. These goals are intended to lead to greater utilization of and a stabilization or reduction in public subsidies to Centennial Hall." Expenditures and recommended funding for Centennial Hall Operations are as follows in FY2021 and FY2022:

| | FY2021 | FY2022 |
|---|---|---|
| CBJ Maintenance and Allocated Costs | $174,400 | $179,800 |
| PERS Indebtedness | $47,700 | $50,000 |
| Centennial Hall Operations (paid to JAHC) | $270,000 | $270,000 |
| Management Fee (paid to JAHC) | $90,000 | $90,000 |
| Necessary Expenditures for Centennial Hall Operations | $582,100 | $589,800 |

| | FY2021 | FY2022 |
|---|---|---|
| Hotel Bed Tax Funding | $450,000 | $416,700 |
| Recommended General Fund Subsidy (due to HBT shortfall) | $132,100 | $173,100 |
| Funding for Centennial Hall Operations | $582,100 | $589,800 |

In addition to the amount funded by CBJ for operations and maintenance, Centennial Hall collects revenue for rentals of space and equipment. From those rental revenues and the funds from hotel bed tax, Centennial Hall must pay all of the operational costs of the facility, including personnel and utilities, but excluding building maintenance (which is paid through the portion reserved for allocable CBJ costs).

Discussion – Travel Juneau

CBJ has long maintained a commitment to fund the promotion of tourism with hotel bed taxes. The entire history is too long and complex for this memo, but the focus has generally remained the promotion of Juneau as a tourism destination for conventions, conferences, meetings, and independent travelers. Since the early 1980's, CBJ has accomplished this purpose by granting available hotel bed tax funds to Travel Juneau (formerly the Juneau Convention and Visitors Bureau). CBJ funding is not the sole source of revenue for Travel Juneau, but it is the largest portion of the organization's annual budget (approximately 80%). Variously over time CBJ has been a greater or smaller part of Travel Juneau's budget, depending on the amount invested directly by organizational members and the amount of other funds raised.

In keeping with its reduced grant amount in FY2021, Travel Juneau has limited its operating request for FY2022 to $625,000. This is the same amount the Assembly granted to Travel Juneau in FY2021. The hotel bed tax revenue available for tourism marketing in FY2022 is $555,600. Hence, in order for the Assembly to honor this request, the Assembly would need to subsidize Travel Juneau's FY2022 grant award with $69,400 of general funds.

Additionally, there has been some Assembly discussion about the possibility of contracting for tourism marketing services rather than issuing a grant. Mechanically, this would be a simple and straightforward change in the budget. To contract for tourism marketing, the funding would simply be appropriated in the FY2022 budget to the Manager in the Commodities and Services line, rather than specifically identified as a direct grant from the Assembly. Staff would then initiate a formal public procurement through the Request for Proposal process. Interested parties would propose, and an evaluation committee would score the proposals. The prevailing proposal, inclusive of cost considerations, would be awarded a contract for the desired tourism marketing services.

Discussion – Centennial Hall Improvements

The public voted affirmatively in October 2019 on a $7 million general obligation bond to make improvements to Centennial Hall. Additionally, the community voted to increase the hotel bed tax from 7% to 9% effective January 1, 2020 with the intent that the additional receipts would fund planned capital improvements to the facility. Prior to the COVID crisis, it was forecast that this increase would have generated approximately $400,000 per year.

With the current economic slowdown having depressed forecast hotel bed tax, just $277,700 is expected to be received in FY2022 resulting from the 2% (of 9%) of hotel bed tax. The FY2022 Manager's Budget proposes to transfer this funding to the Debt Service Fund to pay the debt service costs associated with the $7 million general obligation bond sold in 2021 for the improvements to Centennial Hall. Debt service in FY2022 on this $7 million bond is expected to be $250,229. Staff recommends that the additional $27,471 of 2% hotel bed tax in excess of the required FY2022 debt service be transferred to the Debt Service Fund to support future debt repayments.

Discussion – Downtown Business Association

In the period from 2018 to 2020, the Assembly also granted $75,000 hotel bed tax receipts each year to the

Downtown Business Association for the purpose of organizational capacity development. These grant funds were never part of the percentage-based allocation schema described above. Rather, these grants were made from accumulated fund balance that resulted from actual receipts being higher than forecasts. In FY2021, the Assembly granted $75,000 to the Downtown Business Association directly from general funds as a one-time (non-recurring) grant. The Downtown Business Association has requested $75,000 in funding to support its operations in FY2022. This request has been placed on the pending list for consideration.

Staff recommends that the FY2022 request from the Downtown Business Association—and all future such requests— be treated as potential general fund grants, rather than grants from the Hotel Bed Tax Fund.

Conclusion

If the Assembly chooses to continue in FY2022 with an approach similar to the approach it took in FY2021, the following services/programs would be funded with hotel bed tax as follows:

| Purpose | Organization | % | Request/Need | Bed Tax | GF Subsidy |
|---|---|---|---|---|---|
| Tourism Promotion | Travel Juneau | 4% | $625,000 | $555,600 | $69,400 |
| Centennial Hall Operations | CBJ (via JAHC) | 3% | $589,800 | $416,700 | $173,100 |
| Centennial Hall Improvements | CBJ | 2% | $250,229 | $277,700 | *** |
| Total | | 9% | $1,465,029 | $1,250,000 | $242,500 |

*** As noted above, the small difference between the Centennial Hall bond debt service and the forecast 2% hotel bed tax funding is recommended to be transferred to the Debt Service Fund for future debt repayment. This is already accomplished in the FY2022 Manager's Proposed Budget.

# MEMORANDUM

155 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

**DATE:** April 23, 2021

**TO:** Assembly Finance Committee

**FROM:** Jeff Rogers, Finance Director

**SUBJECT:** **Full Cost Allocation Overview**

A Central Service Department is a department that primarily exists in support of other departments that carry out City services. The leading objective of a Full Cost Allocation Plan is to equitably assign the cost of these central service departments to those departments, divisions, cost centers, and/or funds that use those services in support of conducting their operations. In doing so, an organization can both better understand the real cost of providing specific services to the community, and also generate organizational awareness regarding indirect (overhead) costs associated with operations. Importantly, utilizing the Full Cost Allocation Plan also enables CBJ to better align costs with the revenue, or funding sources, that should be used to pay for them.

CBJ's cost allocation plan considers departments like Finance, Human Resources, Management Information Systems, the City Clerk's Office, the City Manager's Office, the Assembly, and several others, as Central Service Departments. All non-central service departments in the City are considered to be "receivers" of these services, including other General Fund departments such as Transit and Streets. That said, the CBJ only "charges" these costs to enterprise departments (Airport, Docks, Harbors, etc.), internal service departments (Building Maintenance, Risk Management, Fleet Services), non-General Fund special revenue departments (Eaglecrest, Lands and Resources, Downtown Parking), and non-departmental special revenue funds (Sales Tax, Hotel Tax, Affordable Housing, etc.). This is because other General Fund departments share the same funding sources as the Central Service Departments, so the costs are already aligned correctly with their proper funding source.

Subsequent to the FY2019 Cruise Lines International Association settlement, Matrix Consulting was hired to perform a passenger fee cost study, which CBJ expanded to include a full cost/indirect cost rate study. Based on their work on this study, Matrix Consulting was employed to prepare CBJ's annual cost allocation plan. In development of the plan, each department was reviewed and the central service departments were identified. Each central service department was broken down in to functions, with each function having a cost. For example, the Law department has three functions: Legal Support, Litigation and Prosecution. It is important to note that not all functions will benefit receiver departments, therefore not all functional cost bases are allocated. The cost base for each central service department and function is based on the budgeted expenditures adopted by the Assembly in the most recent budget process.

Once the central services, functions, and costs of those functions were identified, "allocation bases" used to determine which department benefits from each central service function, and in what proportion, were selected. Allocation metrics used to allocate costs have a nexus to the service being provided, and generally reflect associated service levels. Again, using Law as an example, the number of hours worked by each attorney on each project was established as the allocation base. The calculation of allocated costs has a simple premise: there are cost bases (costs of each central service function) and allocation bases (metrics used to determine how much work is done on a specific purpose), and the product of the two is the cost that should be allocated to that specific purpose. For Law, the cost of Legal Support is multiplied by the percentage of attorney time worked on each project to determine the cost of each project.

CBJ's cost allocation applies the double-step down allocation method, which utilizes two "steps" or "passes" to fully allocate costs. This methodology ensures that the benefit of services between Central Service Departments are recognized first, before final allocations to receivers of services are made. In other words, all departments are allocated costs (including Central Service Departments) in the first step of this process. The second step in the process distributes Central Service Department expenses and first step allocations to receiver departments only.

CBJ's cost allocation is prepared in the fall of the previous fiscal year for which the allocated costs are calculated. CBJ's FY2022 Full Cost Allocation Plan was prepared in the fall of FY2021 in preparation for the FY2022 budget development. Due to this timing, the metrics for the allocation bases are derived from two prior fiscal year's data (FY2020 metric data was used for the FY2022 cost allocation), resulting in a two year lag. In other words, receiver departments are paying for services rendered from two fiscal years past.

In CBJ's current model, allocated costs are susceptible to fluctuation across fiscal years, primarily as a result of changes in service levels from Central Service Departments (e.g. support services for a one-time software implementation in one year and not the next). When Matrix Consulting was hired in FY2019 to assume development and preparation of the Full Cost Allocation Plan, a new calculation methodology was applied. Once this new methodology has been employed for a longer period, and sufficient data is available, Matrix Consulting will implement a "smoothing" method into the model. The effect of this method is to smooth out unusual spikes and dips in annual charges, and alleviate the burden on receiver departments of having to adjust operating budgets to accommodate these fluctuations in uncontrollable costs.

CBJ's complete FY2022 Full Cost Allocation Plan can be accessed at Juneau.org/finance/controller.

**City and Borough of Juneau**
**Full Cost Allocation Comparison (FY21 to FY22)**

| | FY21 Charges | FY22 Charges | Cost Increase (Decrease) |
|---|---|---|---|
| **School District** | **169,595.70** | **192,276.87** | **22,681.17** |
| City Attorney | 51,549.97 | 33,359.71 | (18,190.27) |
| City Manager | 41,034.49 | 61,461.67 | 20,427.18 |
| Clerk | 3,296.45 | 13,152.10 | 9,855.65 |
| Controller | 22,045.54 | 25,306.26 | 3,260.72 |
| Mayor and Assembly | - | 5,668.92 | 5,668.92 |
| Purchasing | 41.25 | - | (41.25) |
| Treasury | 51,628.00 | 53,328.21 | 1,700.21 |
| **Airport** | **372,923.00** | **372,815.63** | **(107.37)** |
| City Attorney | 16,187.00 | 21,332.94 | 5,145.94 |
| City Manager | 32,076.00 | 33,353.43 | 1,277.43 |
| Clerk | 5,405.00 | 7,429.74 | 2,024.74 |
| Controller | 87,022.00 | 100,936.94 | 13,914.94 |
| Emergency Services | 12,541.00 | 14,621.71 | 2,080.71 |
| Human Resources | 23,060.00 | 23,398.96 | 338.96 |
| Library | 3,508.00 | 4,560.20 | 1,052.20 |
| MIS | 71,433.00 | 85,806.86 | 14,373.86 |
| Parks & Rec Administration | - | 5,381.31 | 5,381.31 |
| Purchasing | 62,219.00 | 17,179.12 | (45,039.88) |
| Treasury | 59,472.00 | 58,814.41 | (657.59) |
| **Bartlett Regional Hospital** | **370,853.87** | **302,595.21** | **(68,258.66)** |
| City Attorney | 133,632.64 | 47,690.37 | (85,942.27) |
| City Manager | 77,537.04 | 60,360.32 | (17,176.72) |
| Clerk | 7,060.49 | 14,389.51 | 7,329.02 |
| Controller | 27,565.52 | 34,990.49 | 7,424.96 |
| Mayor and Assembly | - | 5,291.66 | 5,291.66 |
| MIS | 18,118.42 | 15,857.54 | (2,260.88) |
| Purchasing | 10,200.78 | 4,079.23 | (6,121.55) |
| Treasury | 96,738.98 | 119,936.10 | 23,197.11 |
| **Docks** | **215,385.94** | **195,806.56** | **(19,579.38)** |
| City Attorney | 16,482.83 | 7,884.20 | (8,598.63) |
| City Manager | 15,429.36 | 7,138.54 | (8,290.82) |
| Clerk | 5,337.57 | 7,169.48 | 1,831.92 |
| Controller | 41,166.45 | 42,741.30 | 1,574.85 |
| Emergency Services | 12,932.81 | - | (12,932.81) |
| Human Resources | 12,088.22 | 12,060.09 | (28.13) |
| Library | 1,505.83 | 1,992.97 | 487.15 |
| Mayor and Assembly | 344.09 | 3,779.76 | 3,435.67 |
| MIS | 70,896.13 | 70,169.68 | (726.46) |
| Purchasing | 2,340.23 | 1,846.83 | (493.40) |
| Treasury | 36,862.45 | 41,023.73 | 4,161.28 |

**City and Borough of Juneau**
**Full Cost Allocation Comparison (FY21 to FY22)**

| | FY21 Charges | FY22 Charges | Cost Increase (Decrease) |
|---|---|---|---|
| **Harbors** | **215,385.94** | **195,806.56** | **(19,579.38)** |
| City Attorney | 16,482.83 | 7,884.20 | (8,598.63) |
| City Manager | 15,429.36 | 7,138.54 | (8,290.82) |
| Clerk | 5,337.57 | 7,169.48 | 1,831.92 |
| Controller | 41,166.45 | 42,741.30 | 1,574.85 |
| Emergency Services | 12,932.81 | - | (12,932.81) |
| Human Resources | 12,088.22 | 12,060.09 | (28.13) |
| Library | 1,505.83 | 1,992.97 | 487.15 |
| Mayor and Assembly | 344.09 | 3,779.76 | 3,435.67 |
| MIS | 70,896.13 | 70,169.68 | (726.46) |
| Purchasing | 2,340.23 | 1,846.83 | (493.40) |
| Treasury | 36,862.45 | 41,023.73 | 4,161.28 |
| **Water** | **307,036.82** | **323,549.24** | **16,512.42** |
| City Attorney | 4,744.78 | 2,197.93 | (2,546.84) |
| City Manager | 24,584.54 | 30,725.66 | 6,141.12 |
| Clerk | 4,551.13 | 3,792.87 | (758.26) |
| Controller | 44,435.49 | 48,046.00 | 3,610.51 |
| Human Resources | 22,336.15 | 21,850.17 | (485.97) |
| Library | 1,361.09 | 2,014.64 | 653.56 |
| Mayor and Assembly | - | 1,448.91 | 1,448.91 |
| MIS | 83,626.67 | 93,031.69 | 9,405.02 |
| Purchasing | 3,084.01 | 9,136.93 | 6,052.92 |
| Treasury | 118,312.98 | 111,304.44 | (7,008.54) |
| **Wastewater** | **554,241.05** | **602,398.10** | **48,157.05** |
| City Attorney | 4,637.73 | 2,197.93 | (2,439.80) |
| City Manager | 71,932.62 | 86,484.90 | 14,552.29 |
| Clerk | 4,551.13 | 3,402.00 | (1,149.13) |
| Controller | 69,346.34 | 73,270.76 | 3,924.41 |
| Human Resources | 47,300.94 | 48,242.37 | 941.42 |
| Library | 1,361.09 | 2,014.64 | 653.56 |
| Mayor and Assembly | - | 1,448.91 | 1,448.91 |
| MIS | 126,476.84 | 143,917.28 | 17,440.43 |
| Purchasing | 44,708.36 | 27,542.25 | (17,166.11) |
| Treasury | 183,925.99 | 213,877.06 | 29,951.07 |
| **Waste Management*** | **83,033.77** | **-** | **(83,033.77)** |
| City Manager | 10,697.33 | - | (10,697.33) |
| Clerk | 4,551.13 | - | (4,551.13) |
| Controller | 20,110.51 | - | (20,110.51) |
| Human Resources | 1,244.10 | - | (1,244.10) |
| Library | 1,361.09 | - | (1,361.09) |
| MIS | 16,175.50 | - | (16,175.50) |
| Purchasing | 9,559.79 | - | (9,559.79) |
| Treasury | 19,334.32 | - | (19,334.32) |

*Effective in FY22, the Waste Management Fund was liquidated and transitioned into the General Fund as the RecycleWorks Division (in the Public Works and Engineering Department).

City and Borough of Juneau
Full Cost Allocation Comparison (FY21 to FY22)

| | FY21 Charges | FY22 Charges | Cost Increase (Decrease) |
|---|---|---|---|
| **Water Extension** | **5,043.81** | **4,998.67** | **(45.14)** |
| City Manager | 579.41 | 714.25 | 134.84 |
| Controller | 3,066.09 | 2,953.74 | (112.34) |
| Purchasing | 71.57 | 255.78 | 184.21 |
| Treasury | 1,326.75 | 1,074.90 | (251.85) |
| **Wastewater Extension** | **1,972.33** | **1,999.91** | **27.57** |
| City Manager | 292.75 | 368.82 | 76.07 |
| Controller | 1,183.15 | 1,219.33 | 36.18 |
| Treasury | 496.43 | 411.76 | (84.67) |
| **Eaglecrest** | **348,079.06** | **306,614.30** | **(41,464.77)** |
| City Attorney | 23,964.73 | 4,079.64 | (19,885.09) |
| City Manager | 1,548.81 | 3,429.36 | 1,880.55 |
| Clerk | 7,060.49 | 9,503.66 | 2,443.17 |
| Controller | 60,591.87 | 67,136.31 | 6,544.44 |
| Human Resources | 34,342.70 | 37,098.55 | 2,755.84 |
| Library | 260.89 | 5,635.75 | 5,374.86 |
| Mayor and Assembly | - | 2,645.83 | 2,645.83 |
| MIS | 159,225.36 | 130,179.53 | (29,045.82) |
| Purchasing | 29,675.62 | 8,996.86 | (20,678.76) |
| Treasury | 31,408.60 | 37,908.80 | 6,500.21 |
| **Lands** | **121,688.28** | **99,085.49** | **(22,602.79)** |
| City Attorney | 38,302.00 | 18,014.69 | (20,287.32) |
| City Manager | 7,036.66 | 8,301.70 | 1,265.04 |
| Clerk | 7,060.49 | 7,744.76 | 684.27 |
| Controller | 14,468.74 | 14,177.08 | (291.67) |
| Human Resources | 2,823.40 | 3,091.84 | 268.44 |
| Mayor and Assembly | - | 755.95 | 755.95 |
| MIS | 21,889.13 | 19,817.61 | (2,071.51) |
| Purchasing | 5,123.07 | 5,082.53 | (40.54) |
| Treasury | 24,984.79 | 22,099.33 | (2,885.46) |
| **Downtown Parking** | **14,816.33** | **19,322.73** | **4,506.39** |
| City Manager | 3,022.69 | 5,046.05 | 2,023.36 |
| Controller | 4,744.43 | 5,770.08 | 1,025.65 |
| Human Resources | 234.80 | 292.10 | 57.30 |
| Mayor and Assembly | - | 377.98 | 377.98 |
| Purchasing | 290.53 | 937.19 | 646.66 |
| Treasury | 6,523.88 | 6,899.33 | 375.45 |
| **Building Maintenance** | **53,938.03** | **168,625.43** | **114,687.40** |
| City Manager | 153.70 | 24,054.06 | 23,900.36 |
| Clerk | 3,764.04 | 3,191.75 | (572.29) |
| Controller | 15,232.73 | 34,232.32 | 18,999.60 |
| Human Resources | - | 9,603.62 | 9,603.62 |
| Mayor and Assembly | - | 755.95 | 755.95 |
| MIS | - | 78,230.42 | 78,230.42 |
| Purchasing | 32,372.11 | 16,761.43 | (15,610.68) |
| Treasury | 2,415.46 | 1,795.87 | (619.59) |

**City and Borough of Juneau**
**Full Cost Allocation Comparison (FY21 to FY22)**

| | FY21 Charges | FY22 Charges | Cost Increase (Decrease) |
|---|---|---|---|
| **Fleet** | **163,747.90** | **163,174.60** | **(573.30)** |
| City Attorney | 4,637.73 | 2,197.93 | (2,439.80) |
| City Manager | 16,030.42 | 19,239.84 | 3,209.43 |
| Clerk | 3,296.45 | 2,511.80 | (784.64) |
| Controller | 39,711.29 | 41,061.68 | 1,350.39 |
| Human Resources | 4,733.92 | 5,191.66 | 457.74 |
| MIS | 809.54 | - | (809.54) |
| Purchasing | 9,721.32 | 43,985.70 | 34,264.38 |
| Treasury | 84,807.24 | 48,985.98 | (35,821.26) |
| **Risk** | **207,093.04** | **148,605.01** | **(58,488.03)** |
| City Attorney | 20,725.14 | 16,920.95 | (3,804.20) |
| City Manager | 21,344.00 | 11,571.14 | (9,772.86) |
| Clerk | 3,296.00 | 2,468.37 | (827.63) |
| Controller | 51,564.00 | 47,228.62 | (4,335.38) |
| Human Resources | 4,478.43 | 4,525.91 | 47.48 |
| Mayor and Assembly | - | 377.98 | 377.98 |
| MIS | 30,349.46 | 30,346.34 | (3.12) |
| Purchasing | 14,610.00 | 17,600.79 | 2,990.79 |
| Treasury | 60,726.00 | 17,564.90 | (43,161.10) |
| **Arboretum** | **16,544.84** | **13,630.21** | **(2,914.63)** |
| Controller | - | 30.05 | 30.05 |
| Treasury | 16,544.84 | 13,600.16 | (2,944.68) |
| **Sales Tax** | **22,915.61** | **37,108.35** | **14,192.74** |
| City Manager | 792.88 | 4,047.90 | 3,255.02 |
| Controller | 8,642.82 | 11,082.31 | 2,439.49 |
| Treasury | 13,479.92 | 21,978.14 | 8,498.22 |
| **Hotel Tax** | **15,857.10** | **11,876.68** | **(3,980.43)** |
| City Manager | - | 204.93 | 204.93 |
| Controller | 3,802.87 | 3,696.74 | (106.13) |
| Treasury | 12,054.23 | 7,975.00 | (4,079.23) |
| **Tobacco Tax** | **28,129.78** | **32,335.80** | **4,206.02** |
| City Manager | - | 362.57 | 362.57 |
| Controller | 6,931.04 | 8,024.58 | 1,093.54 |
| Treasury | 21,198.73 | 23,948.65 | 2,749.91 |
| **Affordable Housing** | **11,834.80** | **11,334.74** | **(500.06)** |
| City Manager | 768.48 | 944.46 | 175.99 |
| Controller | 3,279.13 | 4,789.91 | 1,510.78 |
| Treasury | 7,787.19 | 5,600.37 | (2,186.83) |
| **Grand Total** | **3,300,117.02** | **3,203,960.08** | **(96,156.94)** |

**AFC's Pending List - FY22 Revised Budget Process**
**As of April 23, 2021**
*Note: Material Page Number References are from Online Meeting Packets*

| | | | | | Materials | | | |
|---|---|---|---|---|---|---|---|---|
| **#** | **Expenditure Description** | **Proposed in Budget** | **Request** | **GF Request Over FY21** | **Meeting Date & Packet Page** | **Meeting Date & Packet Page** | **Meeting Date & Packet Page** | **Budget Book** |
| 1 | Downtown Business Association | - | 75,000 | - | 4/28/2021 AFC packet pages 55-57 | | | Page 86 |
| 2 | Travel Juneau (HBT Funding) | 555,600 | 625,000 | - | 4/21/2021 AFC packet page 34 | 4/21/2021 AFC packet pages 35-36 | 4/28/2021 AFC packet pages 55-57 | Page 86 |
| 3 | Travel Juneau (MPF Funding) | - | 150,000 | MPF | 4/21/2021 AFC packet page 34 | 4/21/2021 AFC packet pages 35-36 | 4/28/2021 AFC packet pages 55-57 | Page 86 |
| 4 | Centennial Hall Funding ($416,700 HBT, $173,100 GF) | 589,800 | 589,800 | 41,000 | 4/28/2021 AFC packet pages 55-57 | | | Page 141 |
| 5 | Vote-by-Mail Election Option B(1) Juneau Based VBM w/ CBJ Election Center & Sorter | - | 703,000 | TBD | 4/21/2021 AFC packet pages 67-69 | | | Page 90 |
| 6 | School District Outside the CAP | 2,071,500 | 2,071,500 | 16,400 | 4/7/2021 AFC packet page 37 | | | Page 105 |
| 7 | Affordable Housing Fund Support (outgoing grants) | - | 700,000 | AHF | | | | Page 67 |
| 8 | Childcare - AEYC | 400,000 | 625,000 | 225,000 | 4/28/2021 AFC packet pages 4-6 | | | Page 86 |
| 9 | Juneau Economic Plan Update (Phase 1 of McKinley Research Group's proposal) | - | 19,000 | 19,000 | 3/3/2021 AFC packet pages 24-25 | | | N/A |
| 10 | Juneau Park Foundation - Neighborhood Challenge Grants | - | 15,000 | 15,000 | | | | N/A |
| 11 | Alaska Heat Smart Grant - FY22 Operations | - | 110,000 | 80,000 | | | | Page 86 |
| 12 | Alaska Heat Smart Grants - Credit Enhancement to Expand Heat Pump Loan Program | - | 25,000 | 25,000 | | | | Page 86 |
| 13 | Tourism Survey Year 1 Funding (MPF Funding) | - | 30,000 | MPF | 4/12/2021 COW packet pages 36-40 | | | N/A |

To open the Budget Book to the specified page number, follow these steps in Chrome: Settings -> Privacy and Security -> Site Settings -> PDF Documents -> "Download PDF files instead of automatically opening them in Chrome" must be OFF.

# City and Borough of Juneau
# Assembly Finance Committee (AFC)

**FY22 Revised Budget Calendar and Key Dates – as of April 16, 2021**

**Wednesdays at 5:30 pm, unless otherwise stated**

## APRIL 2021

**5th Regular Assembly Meeting – Monday – 7:00 pm**

Regular Assembly Meeting to Introduce FY22 Revised Budget

A. Introduction of the General Operating CBJ Budget Ordinance 2021-08
B. Introduction of the General Operating School District Budget Ordinance 2021-09
C. Introduction of the Mill Levy Ordinance 2021-10
D. Introduction of the CIP Resolution 2937

**7th AFC Meeting #1 – 5:30 pm**

A. FY22 Revised Budget Overview
B. School District Budget Presentation
C. Docks & Harbors (Carl Uchytil, Port Director)
D. Capital Improvement Plan Presentation

**14th AFC Meeting #2 – 5:30 pm**

A. American Rescue Plan Act Funding
B. Juneau International Airport (Patty Wahto, Airport Manager)
C. Bartlett Regional Hospital (Kevin Benson, CFO)
D. Eaglecrest (Dave Scanlan, Eaglecrest General Manager)

**21st Special Assembly Meeting - 5:30 pm - Followed by Assembly Finance Committee**

A. General Operating CBJ Budget Ordinance 2021-08
B. General Operating School District Budget Ordinance 2021-09
C. Capital Improvement Program (CIP) Resolution 2937
D. Mill Levy Ordinance 2021-10

*Public hearings on the budget must be completed by May 1, per Charter Section 9.6*

**21st AFC Meeting #3 (Immediately following Special Assembly Meeting)**

A. Consumer Tax Forecasts
B. 2021 Property Assessments
C. Debt Service
D. Proposed Mill Rate
E. Travel Juneau (Liz Perry, President/CEO)
F. Vote-by-Mail Election Funding
G. Establish Local Funding for School District Operations – Required by Charter Section 13.6 (b)

*Assembly must determine school district instructional funding and notify district within 30 days of receipt of district budget (Charter Section 13.6(b))*

**28th AFC Meeting #4 – 5:30 pm**

A. Full Cost Allocation Overview
B. Passenger Fee Recommendations – For Review
C. Hotel-Bed Tax Funding
D. Juneau Economic Development Council (Brian Holst, Executive Director)
E. Sleep-Off Program Expansion/Mobile Integrated Health Program
F. Childcare

## MAY 2021

**5th** **AFC Meeting #5 – 5:30 pm**

A. Passenger Fee Recommendations – For Action
B. Capital Improvements Projects Program Budget/Plan – For Review
C. Pending Items List

**12th** **AFC Meeting #6 – 5:30 pm**

A. School District Funding Ordinance 2021-09 – For Final Action
B. Capital Improvements Projects Program Budget/Plan – For Action
C. Pending Items List

**19th** **AFC Meeting #7 – 5:30 pm**

A. Fund Balance – Committee Questions
B. Pending Items List – For Final Action
C. Set Mill Rates – For Final Action
D. Final FY22 Revised Budget Decisions
 a. CIP Resolution 2937
 b. Mill Levy Ordinance 2021-10
 c. General CBJ Operating Ordinance 2021-08

**24th** **Regular Assembly Meeting – Monday – 7:00 pm**

A. Adoption of the School District's General Operating Budget Ordinance 2021-09
 *Assembly must appropriate school district funding by May 31 (Charter Section 13.6(b))*

**26th** **BREAK – No meeting unless needed for critical items.**

## JUNE 2021

**2nd** **AFC Meeting**

A. TBD

**9th** **TBD – No meeting anticipated.**

**14th** **Regular Assembly Meeting – Monday – 7:00 pm**

A. Adoption of the General Operating CBJ Budget Ordinance 2021-08
B. Adoption of the CIP Resolution 2937
C. Adoption of the Mill Levy Ordinance 2021-10
 *Assembly must adopt Operating Budget, Mill Levy, and Capital Improvement Plan by June 15th or the manager's proposal is deemed adopted (Charter Section 9.7 & 9.8)*

# DRAFT
# City and Borough of Juneau
# Minutes - Assembly Finance Committee Meeting
# Wednesday, April 21, 2021

## I. CALL TO ORDER

The meeting was called to order at 5:54 PM by Carole Triem, Chair.

## II. ROLL CALL

Committee Members Participating Virtually: Mayor Beth Weldon; Carole Triem, Chair; Loren Jones; Michelle Bonnet Hale; Maria Gladziszewski; Greg Smith; Christine Woll

Committee Members Absent: Alicia Hughes- Skandijs; Wade Bryson

Staff Present Virtually: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Rob Palmer, City Attorney; Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst; Beth McEwen, Municipal Clerk

Others Present Virtually: Liz Perry, Travel Juneau Chief Executive Officer; Reecia Wilson, Travel Juneau Board Treasurer

## III. APPROVAL OF AGENDA

Chair Triem noted that the 'Establish Local Funding for School District Operations' agenda topic was addressed in the Special Assembly meeting that was held immediately before the Finance Committee meeting, therefore requiring no additional action. Additionally, the Travel Juneau budget presentation will be moved to the beginning of the meeting agenda.

## IV. APPROVAL OF MINUTES

The April 14, 2021 minutes were approved as presented.

## V. BUDGET PRESENTATIONS

### a. Travel Juneau

Liz Perry and Reecia Wilson of Travel Juneau presented Travel Juneau's proposed FY22 budget.

Ms. Wilson emphasized the work and role that Travel Juneau plays in keeping Juneau a diverse, vibrant travel destination. Ms. Wilson stated that the total proposed budget for consideration is $1.2 million, keeping Travel Juneau's request for Hotel Bed Tax funding flat over FY21. Travel Juneau is also requesting an additional $150,000 of marine passenger fee funding in FY22.

Mr. Smith noted the use of reserves in the budget, and asked what the total reserve balance is at the beginning of FY22.

Ms. Perry stated that there will be approximately $350,000 in Travel Juneau's reserve account at the beginning of FY22.

Ms. Perry and Ms. Wilson responded to committee questions.

**Motion: by Mayor Weldon to move the proposed FY22 Travel Juneau budget to the pending list.**

**The motion passed by unanimous consent.**

*The committee recessed at 6:28 PM.*
*The committee reconvened at 6:38 PM.*

b. **Consumer Tax Forecasts**

Mr. Rogers presented updated consumer tax forecasts to the Committee, explaining that consumer taxes include sales, liquor, marijuana, tobacco, and hotel bed taxes. Mr. Rogers provided additional detail relating to how the economic downturn resulting from the COVID-19 pandemic has impacted each consumer tax category. Updated forecasts assume that the economy starts to normalize in FY22, but also takes into consideration that Juneau will likely not see any large cruise ship tourism in the summer of 2021.

Mr. Rogers responded to committee questions.

c. **2021 (FY2022) Property Assessments**

Mr. Rogers directed the Committee to the Assessment Valuations Summary Report from the CBJ Assessor's Office on packet page nine. Mr. Rogers presented a PowerPoint presentation to highlight the content of the report at a summary level. From 2020 to 2021, total taxable assessed property values increased borough-wide by approximately 6.49% after anticipated appeals. Mr. Rogers noted that this increase is primarily driven by a 17.97% increase to total commercial property value assessments. Mr. Rogers stated that commercial property assessments have been relatively flat for the past 10 years. Prior to 2021, median commercial property was assessed at 72.86% of sales price, and median vacant commercial land was assessed at only 39.22% of sales price. Essentially, commercial real estate parcels are selling for a much higher price than what they are assessed for, an indication that the historical assessed valuation is not reflective of fair market value. The Assessor's Office is attempting to fix this disparity by refining the land adjustments and adjusting improvement values to reflect market sales in future years. The CBJ Assessor's target for median assessment is 98%.

Mr. Rogers explained that over this ten year period, the property tax burden has largely shifted to residential property owners. With this correction to commercial property assessments, the tax burden will shift partially back to commercial property owners.

Mr. Rogers responded to committee questions.

*The committee recessed at 7:57 PM.*
*The committee reconvened at 8:10 PM.*

d. **Debt Service**

Mr. Rogers presented a memo relating to CBJ's FY22 debt service to the Committee on packet page 27. He stated that CBJ's general obligation debt service has been impacted by unreimbursed school bond debt from the State of Alaska. Mr. Rogers reminded the Committee that in FY20 and FY21, the Assembly chose to not raise the debt service mill rate to pay for the unreimbursed portion of school bond debt. Instead, the Committee allowed the Debt Service Fund to draw down on its fund balance in FY20, and in FY21 the Assembly transferred general funds into the Debt Service Fund as a subsidy to cover the school construction bond debt obligations. In FY22, the Governor's budget includes funding for school bond debt reimbursement at 50%. To address this shortfall in funding, the FY22 Manager's Proposed Budget includes a $2.8 million general fund subsidy to the Debt Service Fund to cover the unreimbursed portion of school bond debt, and an additional $258,000 general fund subsidy to cover remaining debt obligations to avoid an increase to the debt service mill rate.

The Manager's Proposed Budget also includes a $277,700 transfer from the Hotel Bed Tax Fund to the Debt Service Fund to subsidize the new FY22 debt payments for the $7 million voter-approved bond for Centennial Hall improvements. Mr. Rogers reminded the Committee that as of January 1, 2020, the community increased the hotel bed tax from 7% to 9%. The additional 2% is intended to fund future capital improvements to Centennial Hall.

Mr. Rogers responded to committee questions.

# Minutes - Assembly Finance Committee Meeting
# Wednesday, April 21, 2021, 5:30 p.m.

e. **Proposed Mill Rate**

Mr. Rogers stated that the mill rate has held a narrow range between 10.51 and 10.76 mills for over a decade. The FY22 Manager's Budget proposes a total mill rate of 10.86, a .20 mill increase over FY21. The .20 mill increase is intended to support the Assembly's community grant for childcare. Mr. Rogers stated that an increase to taxable assessed valuations gives the Committee flexibility in determining options in setting the mill rate for FY22. Mr. Rogers drew the Committee's attention to packet page 32, which outlines three options for calculating the mill rate for the upcoming fiscal year. The first option is to accept the mill rate as it is proposed in the Manager's Budget, at 10.86 mills. The second option is to maintain the mill rate flat over FY21 at 10.66 mills. The third option is to recalculate the mill rate to a lower amount of 10.40, which results in the same amount of property taxes as what is currently in the Manager's Budget because the proposed budget only assumes a 1.5% increase in assessed valuations instead of a 6.49% increase. Mr. Rogers noted that calculating a lower mill rate in light of higher valuations may seem like the right thing to do, but may be counter-intuitive to set a historically low mill rate in the face of a historically large general fund deficit.

Mr. Rogers stated that these are not the only options for calculating the mill rate, and that the Committee could choose to set the rate at any amount up to the cap.

Mr. Rogers responded to committee questions.

## VI. ITEMS FOR ACTION

a. **Vote-by-Mail Election Funding**

Beth McEwen, Municipal Clerk, presented information relating to CBJ's vote-by-mail election options to the Committee.

Ms. McEwen brought the Committee's attention to the table on packet page 69 that outlines various election options for consideration. Option A represents Juneau's status quo polling place election, Option B (1) represents a Juneau based vote-by-mail scenario that would require a CBJ election center and sorter, and Option B (3) highlights a hybrid option that would contract with the Municipality of Anchorage for a vote-by-mail election (similar to what was done in the 2020 municipal election). Ms. McEwen stated that CBJ is likely unable to secure ballot processing space for the first year, so the Committee could consider funding Option B (3) in Year 1 and Option B (1) in Year 2 and forward. Ms. McEwen stated that the Municipality of Anchorage is willing to partner with CBJ for the October, 2021 election, if that is the will of the body.

# Minutes - Assembly Finance Committee Meeting
# Wednesday, April 21, 2021, 5:30 p.m.

Ms. McEwen responded to committee questions.

**Motion**: **by Ms. Gladziszewski to move forward with Option B (3) for the October, 2021 election, and put Option B (1) for $703,000 on the FY22 pending list for consideration later in the budget process.**

**The motion passed by unanimous consent.**

**b. Ordinance 2021-15 GO and Revenue Bonding Refinancing**

Mr. Rogers stated that the Assembly passed an ordinance in May 2020 that authorized the refinancing of a number of eligible taxable bonds through the Alaska Municipal Bond Bank Authority (AMBBA). Shortly after the ordinance passed, AMBBA was put out of business by an Alaska Supreme Court decision, and the refinancing was never executed. AMBBA is now back in business, and Mr. Rogers stated that the refinancing is still an advantageous option for CBJ. Ordinance 2021-15 amends the specific maturities of the bonds that are eligible, as original authorized with Ordinance 2020-21.

**Motion:** **by Mayor Weldon to move Ordinance 2021-15 to the full Assembly for public hearing.**

**The motion passed by unanimous consent.**

## VII. INFORMATION ITEMS

a. **FY22 Revised Budget AFC Calendar**

Mr. Rogers presented the Revised Budget AFC Calendar for the April 28, 2021 meeting on packet page 79.

## VIII. NEXT MEETING DATE

a. Wednesday, April 28, 2021

## IX. ADJOURNMENT

*The meeting was adjourned at 9:04 pm.*

# JEDC Funding Request to CBJ Assembly for FY22 Budget

# 11 Member Board

- CBJ Mayor
- UAS Chancellor

Members appointed by Assembly:

- Organized Labor Seat
- Environmental Organization Seat
- Seven At-Large

+ CBJ Liaison


Garrett Schoenberger
Chair


Chancellor Karen Carey
Vice Chair


Jake Carpenter
Treasurer


Melissa Kookesh
Secretary


Jill Weitz


Marc Guevarra


Alec Mesdag


Mayor Beth Weldon


Alexander Kotlarov


**Raymond Paddock III**


Chris Dimond


Maria Gladziszewski
Assembly Liaison

# In FY 2021, JEDC has:

- Had our own challenges over the last year
- Made major shifts in response to the economic crisis
- Continued important existing programs
- Started new projects based on new needs

# JEDC Has Faced Our Own Challenges

- JEDC voluntarily reduced funding from CBJ by $75,000, anticipating reduced city resources due to the pandemic.

- 501(c)(4) non-profits not eligible for Paycheck Protection Program. We did receive a non-profit grant through JCF.

- Corporate sponsorships diminished in FY21, and we do not expect these to recover until the economy emerges from the current recession.

# Major Shifts in Response to Crisis

## Loan Programs

- Emergency Loan Portfolio – supported 173 businesses representing $3.05 million (159 in FY20 and 14 in FY21)
- Added two childcare loans

## AK CARES

- Processed 2,000+ applications and awarded 1913 grants totaling $101 million in aid to Alaskan Businesses
- Created 50 short term positions at JEDC


## Grant Programs

- CBJ Business Sustainability Grant Program: $13,388,261 to 443 unique Juneau businesses ($811,946 in FY20 and $12,576,315 in FY21)
- Extreme Hardship Grant Program – $2.3 million to 92 Juneau businesses

# Continued and Adapted Existing Projects

## Research and Publications

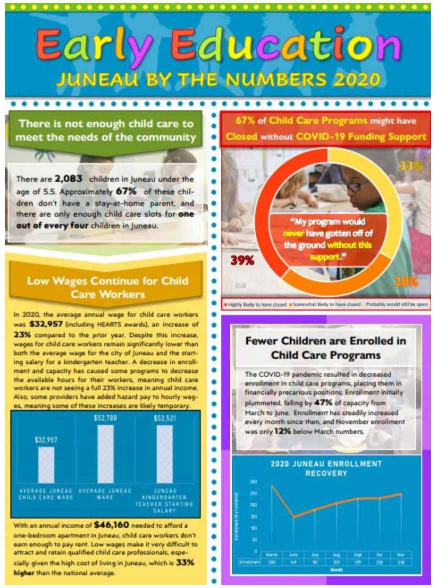
- Annual Indicator Reports
- Economic Research Notes
- Juneau Commission on Aging
- Childcare by the Numbers

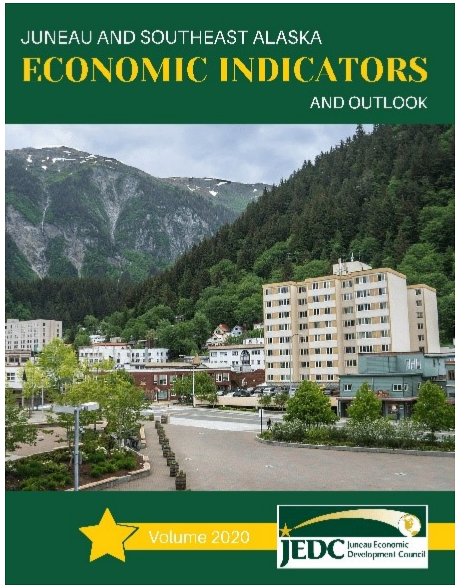
## Virtual Events

- Innovation Summit
- Virtual FIRST Robotics League

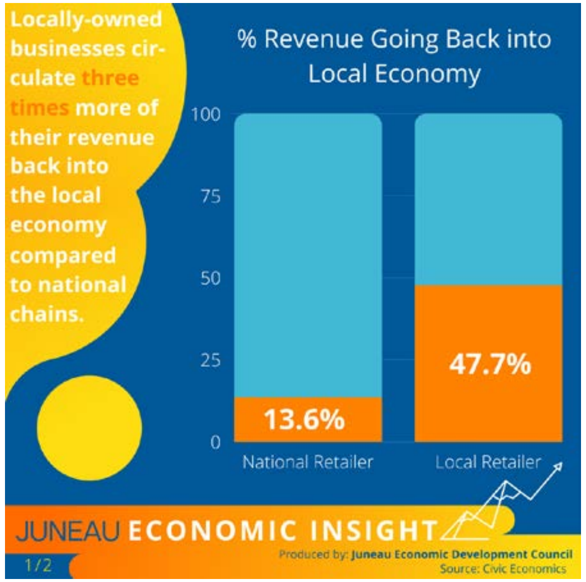
## Economic Cluster Initiative

- Visitor Products
- Ocean Products




# Started New Work to Address New Needs





- *Capital City Behind the Business* video series
- Weekly Juneau Economic Insight
- Choose Juneau remote work initiative
- The Local Frequency Shopping App

# Thank you


JEDC.org
612 West Willoughby Ave
Suite A
Juneau, AK 99801
Phone 907-523-2300
Fax 907-463-3929
Bholst@jedc.org