

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, April 14, 2021

I. CALL TO ORDER

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

II. ROLL CALL

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

Committee Members Absent: None

Staff Present Virtually: Rorie Watt, City Manager; Rob Palmer, City Attorney; Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst; Patty Wahto, Juneau International Airport Manager; Scott Rinkenberger, Juneau International Airport Deputy Manager; Kevin Benson, Bartlett Regional Hospital Chief Financial Officer; Rose Lawhorne, Bartlett Regional Hospital Chief Executive Officer; Dave Scanlan, Eaglecrest General Manager

Others Present Virtually: Jerry Godkin, Airport Board Chair; Angela Rodell, Airport Board Member; Kenny Solomon-Gross, Bartlett Regional Hospital Board President, Mike Satre, Eaglecrest Board Chair; Brian Holst, Juneau Economic Development Executive Director

III. APPROVAL OF MINUTES

The April 7, 2021 minutes were approved as presented.

IV. BUDGET PRESENTATIONS

a. Juneau International Airport

Patty Wahto, Airport Manager, provided an overview of the Airport's projected fiscal position in FY21 and their requested budget for FY22. In FY21 and FY22, the Airport is projecting \$3 million and \$1.8 million budgetary shortfalls, respectively. Under normal circumstances any shortfall would be covered by the Airport's fund balance, however these shortfalls will instead be covered with the Airport's allocation of federal CARES Act funding in FY21 and FY22. Ms. Wahto stated that the initial FY22 budget prepared in last year's cycle included rate and fee increases for tenants and users of the airfield, however the Airport Board approved to defer these increases until a later date in consideration of the COVID-19 pandemic's impact on Airport traffic. The Airport Board also approved

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aviation rent abatements for FY21 and FY22 to help alleviate the fiscal impacts of the pandemic.

Ms. Wahto responded to committee questions.

Motion: by Mayor Weldon to accept the Juneau International Airport's budget as submitted.

The motion passed by unanimous consent.

b. Bartlett Regional Hospital

Rose Lawhorne, Chief Executive Officer at Bartlett Regional Hospital (BRH), and Kevin Benson, Chief Financial Officer at BRH, presented the FY22 budget request to the Committee. Mr. Benson stated that BRH received \$13 million in Provider Relief Funds from the federal CARES Act in the past two fiscal years. BRH applied half of these funds to FY20 and the other half to FY21. Additional federal funding for FY22 was not included in the budget, as it is still an unknown amount. Mr. Benson stated that there was a significant increase in salaries and wages that will continue into FY22, as BRH mitigation efforts have included hiring triage workers, molecular lab technicians, and other COVID-19 related positions. Mr. Benson provided inpatient statistics from FY18 through FY21 and stated that patient volume drives both generated revenues and incurred expenses, and it is difficult to predict patient numbers in such an uncertain health crisis. Mr. Benson stated that the Rainforest Recovery Center was closed during COVID-19 in order to be used as an alternative care site, however was able to reopen in October 2020. For BRH's capital improvement projects, \$1.5 million was requested for the Crisis Stabilization Center, and \$4 million was requested for deferred maintenance to address infrastructure projects.

Mr. Benson responded to committee questions.

Motion: by Mayor Weldon to approve Bartlett Regional Hospital's budget as submitted.

The motion passed by unanimous consent.

The committee recessed at 6:48 PM.

The committee reconvened at 7:00 PM.

c. Eaglecrest

Dave Scanlan, Eaglecrest Ski Area General Manager, and Mike Satre, Eaglecrest Board Chair, presented an overview of the FY21 budget and their FY22 budget

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request to the Committee. Mr. Scanlan stated that during the 2020-2021 ski season, Eaglecrest operated for 92 total days, reaching 80,000 total skier visits, which represents a new record for Eaglecrest. Mr. Scanlan shared statistics with the Committee about ski patrol avalanche mitigation, snow school and ski lessons, rentals, and the Eaglecrest COVID-19 Conservation Corps Program during FY21.

Mr. Scanlan stated that since Eaglecrest's FY22 budget was developed in January, revised projections for ending season revenue and expenditures have been prepared. The projected revenue for FY21 is now estimated to be \$3,170,000, and the projected expenses \$3,030,000, resulting in an anticipated contribution to fund balance of \$140,000. For FY22, Mr. Scanlan stated that Eaglecrest developed a conservative budget, citing a reduction in personnel service and training costs, and a reduction in full cost allocation fees over prior year.

Mr. Jones asked for clarification of the total in Eaglecrest's restricted fund balance.

Mr. Scanlan stated that at the end of FY20, the restricted fund balance was \$39,000. Eaglecrest anticipates a contribution of \$140,000 to fund balance at the end of the current fiscal year, resulting in a total restricted fund balance of \$179,000 at the end of FY21.

Mr. Scanlan responded to committee questions.

Motion: by Mayor Weldon to approve the Eaglecrest budget as presented.

Objection: by Ms. Hale for purpose of a question, who asked if it was standard practice to approve a budget that draws from the General Fund this early in the budget process, prior to reviewing remaining pending requests.

Mr. Rogers responded to Ms. Hale, stating that the Committee has the option to approve the Eaglecrest budget or place it on the pending list for approval later in the budget process.

Ms. Hale removed her objection.

The motion passed by unanimous consent.

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V. ITEMS FOR DISCUSSION

a. American Rescue Plan Act

Mr. Rogers presented a memo on packet page 51 regarding CBJ's \$12.8 million allocation of federal American Rescue Plan Act funds. The memo describes the eligible uses and restrictions of the funds.

Mr. Rogers also presented two documents from the Juneau Economic Development Council (JEDC) that summarized the various federal funds available to both businesses and individuals, as well as an estimate of incoming business relief for Juneau. Mr. Rogers invited Mr. Holst of JEDC to speak more to the content of the documents.

Mr. Holst responded to committee questions.

b. GO Bond Sale Update

Mr. Rogers stated that CBJ had a very successful pricing of Juneau's \$22 million general obligation bond on April 14, 2021, and stated that CBJ's strong credit rating was beneficial in the sale. Mr. Rogers added that total demand was three times more than the available bond amount, which allowed CBJ to work with their underwriter to reduce interest yields, which will result in long-term interest savings to CBJ. Mr. Rogers stated that the total arbitrage yield, or the weighted average of all the interest rates across the maturities of a bond, is just over 1.3%, and the "All-in True Interest Cost," which is the total interest cost inclusive of the one-time transactional costs of selling the bond, is 1.8%.

VI. INFORMATION ITEMS

a. FY22 Revised Budget AFC Calendar

Mr. Rogers stated that the next Assembly Finance Committee (AFC) meeting will include information on major revenue forecasts, debt service, and the proposed mill rate. Mr. Rogers reminded the Committee that immediately before next week's AFC meeting, public hearings will be held on CBJ's FY22 budget ordinance, the Juneau School District's FY22 budget ordinance, the ordinance establishing the mill rate for 2021 (FY22), and the FY22 Capital Improvement Plan resolution.

VII. NEXT MEETING DATE

a. Wednesday, April 21, 2021

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VIII. ADJOURNMENT

The meeting was adjourned at 8:01 pm