

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, April 7, 2021

I. CALL TO ORDER

The meeting was called to order at 5:35 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; Mila Cosgrove, Deputy City Manager; Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst; Carl Uchytel, Docks & Harbors Director; Dr. Bridget Weiss, Juneau School District (JSD) Superintendent; David Means, JSD; John Bohan, Chief Capital Improvement Project Engineer; Katie Koester, Public Works and Engineering Director

Others Present Virtually: Dr. Elizabeth Siddon, Board of Education President; Don Etheridge, Docks & Harbors Board Chair

III. APPROVAL OF MINUTES

The March 3, 2021 minutes were approved as presented.

IV. BUDGET PRESENTATIONS

a. FY22 Revised Budget Overview

Mr. Watt introduced the manager's proposed budget for FY22, stating that revenue forecasts are not reflecting a normal year, however under the federal American Rescue Plan Act, CBJ will be receiving \$12.8 million. This grant will substantially improve CBJ's fiscal position, though Mr. Watt noted that lack of large cruise ship visitation and a decreased tourist season will add further complexities into the departmental budgets. Mr. Watt stated that the budget includes a 0.2 mill increase to fund the Assembly's community grant for childcare programs. The budget includes a general fund subsidy to debt service to cover \$2.8 million of unreimbursed school construction bond debt from the State of Alaska. Mr. Watt stated that his recommendation to the Committee is to deposit

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the funds from the American Rescue Plan Act into the general fund to replace lost revenue resulting from the COVID-19 pandemic.

Mr. Rogers provided an overview of the budget development timeline. On packet page 8, he walked the Committee through significant budgetary changes from the FY21 proposed budget to the FY22 revised budget. Mr. Rogers stated that approximately \$800,000 is remaining from CBJ's CARES Act allocation to offset core city service costs. Mr. Rogers stated that FEMA or other state programs have been reimbursing a portion of pandemic response costs, freeing up additional funding from the CARES Act for other eligible expenditures. Mr. Roger summarized that the federal stimulus funds from the American Rescue Plan Act reduces the anticipated \$4.6 million general fund deficit in FY21 to zero, and in FY22 closes the projected \$16 million deficit to \$7.8 million.

Mr. Rogers responded to committee questions

Mr. Rogers stated that at the end of FY20, combined restricted and unrestricted reserve fund balances amounted to just under \$40 million. With the use of the American Rescue Plan Act funds, the restricted and unrestricted reserve fund balances amount to just over \$31 million in the FY22 budget.

The committee recessed at 6:44 PM.

The committee reconvened at 6:55 PM.

b. School District Budget Presentation

Dr. Siddon, Board of Education President, and Dr. Weiss, JSD Superintendent, presented the FY22 Juneau School District budget. Dr. Siddon presented JSD's 2020-2025 strategic plan, which focuses around equity, achievement, partnerships, and relationships. Dr. Weiss stated that the COVID-19 pandemic significantly impacted JSD's student enrollment. Enrollment is the primary driver in determining state and local funding for school operations. Overall, JSD lost over 12% of its enrollment from the previous year due to the pandemic. Dr. Weiss stated that JSD was awarded \$2.4 million in federal grant funding for the Elementary and Secondary School Emergency Relief (ESSER) program. These funds are intended to address the impact of COVID-19 on elementary and secondary schools. Dr. Weiss provided an overview of what the ESSER funds are budgeted for in FY22, including three reading and equity specialists for elementary schools to assist recovery of student learning and a summer school program during July 2021.

Mr. Means discussed key assumptions regarding student enrollment, and how student enrollment directly drives revenue for JSD. Dr. Weiss reiterated that student enrollment numbers are always an estimate, and in this unprecedented

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year, there were several additional factors that could impact the number of total enrollment. Mr. Means stated that state funding is expected to be 4.4% lower than in the previous year. This decrease is partially due to an increase in CBJ's assessed property tax values, as well as a decrease in the State of Alaska's Hold Harmless provision. Mr. Means stated that about 50% of FY22 projected operating fund revenue comes from the State's foundation program, about 39% from CBJ, and about 10% from the State's contribution for PERS/TRS.

Dr. Weiss responded to committee questions.

Motion: by Mr. Jones to continue the JSD budget discussion at the April 21, 2021 AFC meeting.

The motion passed by unanimous consent.

The committee recessed at 8:15 PM.

The committee reconvened at 8:23 PM.

c. Docks & Harbors Budget Presentation

Mr. Uchytel, Docks and Harbor Director, presented the Docks and Harbors FY22 budget. Mr. Uchytel confirmed that Docks and Harbors manages two cruise ship docks, four harbors, six launch ramps, and several other various stations. Overall, there are 44 individuals employed by Docks and Harbors, though COVID-19 has taken a significant toll on seasonal employees. Mr. Uchytel covered the Docks enterprise fixed operating costs, as well as the fees paid back to the City for services provided by central service departments. Docks and Harbors has not received any CARES Act funding, or any other federal relief. Mr. Uchytel stated that the pandemic will have significant ramifications to Docks and Harbors, as they rely heavily on passenger fees as a source of income.

Mr. Uchytel responded to committee questions.

Motion: by Mayor Weldon to accept and approve the Docks and Harbors budget as presented.

Objection: by Ms. Gladziszewski, who stated that the budget could be adjusted to be more accurate based on news that Juneau is not expected to have large cruise ship visitation this summer.

Roll Call Vote:

Ayes: Woll, Hughes-Skandijs, Bryson, Jones, Triem, Weldon

Nays: Smith, Hale, Gladziszewski

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Motion passed. Six (6) Ayes, Three (3) Nays.

d. Capital Improvement Plan Presentation

Mr. Bohan, Chief Capital Improvement Project Engineer, presented the FY22 Capital Improvement Plan (CIP) to the Committee. Mr. Bohan provided an overview of the sources of funding for the CIP, noting that in FY22 no passenger fee revenue is available to fund capital projects as a result of no large cruise ship visitation in the summer of 2021. Mr. Bohan explained that of the voter-approved 3% sales tax, 1% is used for general government operations, 1% is used for capital improvements to roads and sidewalks, and 1% is for voter-approved projects.

Mr. Bohan responded to committee questions.

Mr. Rogers informed the Committee that the FY22 CIP will be calendared for a future Assembly Finance Committee (AFC) meeting, at which time Mr. Bohan and Ms. Koester will walk through the plan in greater depth.

V. INFORMATION ITEMS

a. FY22 Revised Budget AFC Calendar

Mr. Rogers stated that an updated FY22 Revised Budget AFC Calendar will be included in the packet for the April 14, 2021 AFC meeting.

VI. NEXT MEETING DATE

a. Wednesday, April 14, 2021

VII. ADJOURNMENT

The meeting was adjourned at 9:38 pm.