City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, February 3, 2021, 6:00 PM

I. Call to Order

The meeting was called to order at 6:00 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; Michele Bonnet Hale; Maria Gladziszewski; Greg Smith; Christine Woll

Committee Members Absent: None

Staff Present Virtually: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst; Rob Palmer, City Attorney; Bridget Weiss, Juneau School District (JSD) Superintendent

Others Present Virtually: Erin Walker-Tolles, Catholic Community Services Executive Director; Brian Holst, Juneau Economic Development Council (JEDC) Executive Director; Tari Stage-Harvey, Shepherd of the Valley Lutheran Church Pastor

III. APPROVAL OF MINUTES

a. The January 6, 2021 minutes were approved as presented.

Chair Triem suggested an agenda change to move Shepherd of the Valley's Safe Space for Schooling Request and the COVID-19 Emergency Loan Program topics to the beginning of the agenda. Hearing no objections, the agenda change was approved.

IV. ITEMS FOR ACTION

a. Shepherd of the Valley – Safe Space for Schooling Request

Mr. Rogers stated that Shepherd of the Valley has requested to retain and use the remaining unspent balance of $13,470 of their initial $70,000 appropriation of CARES Act funding. The original appropriation included an eligible expenditure period deadline of December 30, 2020, however this deadline has been extended by the Federal Government to December 31, 2021. Shepherd of the Valley is requesting to expend the remaining balance on operating the Safe

Space for Schooling program through the end of May. Resolution 2940 would amend the eligible expenditure deadline from December 30, 2020 to December 31, 2021.

Motion: **by Ms. Gladziszewski to move Resolution 2940 to the full Assembly and ask for unanimous consent.**

Motion passed by unanimous consent.

b. **COVID-19 Emergency Loan Program**

Mr. Holst gave an update on the COVID-19 Emergency Loan Program. As of February 3, 2021, of the 173 approved emergency loans, 24 have been fully repaid to JEDC and 149 are in the process of repayment.

Mr. Bryson questioned whether outstanding loan funds, once returned to JEDC, will be used to fund additional loans.

Mr. Holst stated that the Emergency Loan Program is closed and JEDC will not be issuing additional loans with the funds they are collecting. Per the language in Emergency Appropriation Resolution 2888(b)(am) establishing the loan program, JEDC is to return all loan payments collected to CBJ no later than December 31, 2023.

Mr. Rogers added that he has communicated with Mr. Holst about potentially returning funds to CBJ at more regular intervals rather than in one lump sum at the end of 2023. Mr. Rogers stated that he recognizes the urgency on behalf of the Assembly to repay the restricted budget reserve, however also recognizes JEDC's request to utilize the interest earned on the loan funds to support the operational cost of program administration and loan servicing.

Mr. Holst reiterated that if loan repayments were returned to CBJ immediately after collection, CBJ would earn and retain 2% investment interest, whereas JEDC is hoping to use the 2% interest earned as a way to make the program administration less financially burdensome.

Mayor Weldon suggested that JEDC return $1 million to CBJ by December 31, 2021, and return another $1 million by December 31, 2022.

Mr. Bryson stated that he believes it is in Juneau's best interest to have JEDC retain all loan repayments and retain the investment earnings until December 31, 2023, as JEDC directly supports Juneau's local economy and the funds will inevitably be repaid to CBJ in 2023.

Ms. Gladziszewski suggested that JEDC determine a dollar amount they are owed for administering the grant which CBJ could disburse to them directly rather than retaining an unknown amount of interest.

The Committee took no action on the subject during the meeting.

c. **COVID – Local Need and Federal Support**

Mr. Rogers presented an updated CBJ Allocation of CARES Act Funds pie chart on packet page 9. He stated that in addition to the $213,000 of unallocated funding remaining, there is also approximately $1.2 million available from underspent appropriations. An additional $700,000 could potentially become available if the Assembly chooses to change the funding source of the COVID-19 testing equipment to Bartlett Regional Hospital's allocation of CARES Act funds, which is being considered later in the meeting. Mr. Rogers noted that since the eligible expenditure period of the CARES Act has been extended through December 31, 2021, the Assembly may choose to reserve these remaining balances to cover eligible CBJ operational costs, which would realize a savings to the General Fund.

Referencing the memo on packet page 10 and the document on packet page 169, Mr. Rogers highlighted that additional state and federal support is being made available, including a $900 billion federal coronavirus stimulus bill signed into law on December 27, 2020, and a $1.9 trillion federal response and stimulus plan proposed by the Biden administration on January 14, 2021. Both legislation contains resources for rental assistance, direct individual payments, and supplemental unemployment insurance benefits. Additionally, the State of Alaska has been authorized to expend $200 million in federal funding for a COVID-19 housing assistance program administered by the Alaska Housing Finance Corporation.

The committee recessed at 6:53 PM.
The committee reconvened at 7:00 PM.

d. **Bartlett Regional Hospital Testing Equipment – Ordinance 2020-09(AK)**

Mr. Rogers stated that the proposed amendment to Ordinance 2020-09(AK) would shift the $700,000 cost of COVID-19 testing equipment from CBJ's CARES Act funding to Bartlett Regional Hospital's CARES Act funding. This change in funding sources would increase the unobligated funds available in CBJ's CARES Act Special Revenue Fund, and could be used to fund other programs in need.

Motion: by Mayor Weldon to move Ordinance 2020-09(AK) to the full Assembly for public hearing.

Motion passed by unanimous consent.

Ms. Hale suggested moving Resolution 2941 under Supplemental Materials to be the next agenda item discussed, as it functions in concert with Ordinance 2020-09(AK). Chair Triem approved the agenda change.

e. **Resolution 2941 – Individual Assistance Program Amendment**

Ms. Hale introduced Resolution 2941 amending the COVID-19 Emergency Individual Assistance program criteria. The amendment aims to lower the dollar amount awarded to grant recipients to ensure the limited available funding reaches a wider base of eligible applicants. Additionally, the grant applications would no longer be processed on a first-come, first-served basis, but instead would be processed on a need-based income prioritization.

Ms. Walker-Tolles stated that there are about 1,300 individuals who have not been determined eligible due to program funding having been fully expended. Of the applications that have not been processed for payments, 794 applicants fall into the lowest income bracket, 253 into the middle bracket, and 84 into the highest income range. Ms. Walker-Tolles emphasized that the vast majority of applicants fall into the lowest income bracket.

<u>Motion:</u> by Ms. Hale to amend Resolution 2941 to exclude individuals from eligibility who have received a Housing Assistance program grant award, and award all three income categories $300 per child instead of the ranked dollar value in the proposed resolution.

Motion passed by unanimous consent.

<u>Motion:</u> by Mayor Weldon to amend Resolution 2941 Section 1 a) to remove 'housing' in the last sentence.

Mayor Weldon withdrew the motion.

<u>Motion</u>: by Ms. Hale to direct Mr. Palmer to draft Resolution 2941, as amended, as a Phase 2 version of the Individual Assistance program, to be introduced and publically heard on the February 8, 2021 Assembly meeting agenda, and asked for unanimous consent.

Motion passed by unanimous consent.

f. **Remaining RALLY CARES Act Funding Request**

Mr. Rogers presented a memorandum from JSD on packet page 122. He stated that JSD was originally awarded $600,000 of CARES Act funds with an eligible expenditure period through December 30, 2020 to subsidize the cost of the RALLY program for families.

Dr. Weiss stated that when the subsidy for families expired at the end of December, many participants dropped out of the program. JSD is requesting that the eligible expenditure period of the original CARES Act appropriation be extended, and that the Assembly allow $140,000 of the unspent balance be used to continue subsidizing the cost of RALLY for families through the end of May.

Mr. Rogers responded to committee questions.

<u>Motion:</u> by Mayor Weldon to allocate up to $140,000 of the remaining unspent balance of JSD's CARES Act funding appropriation to subsidize the cost of RALLY through May.

Objection by Mayor Weldon.

<u>Roll Call Vote:</u>

Ayes: Woll, Smith, Hale, Gladziszewski, Jones, Triem
Nays: Hughes-Skandijs, Bryson, Weldon

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

The committee recessed at 8:14 PM.
The committee reconvened at 8:20 PM.

g. **General Obligation Bond – Ordinance 2021-02**

Mr. Rogers stated that Juneau voters have approved two general obligation bond ordinances in recent years: one to be utilized for Centennial Hall improvements, and one to be used for updating the energy efficiency of public buildings, along with improvements to schools, parks, and streets. He elaborated on the approach for selling the bonds in the spring of 2021. Mr. Rogers outlined the proposed timing of bond legislation and sale, stating that the bond ordinance will be introduced at the February 8, 2021 Assembly meeting and publically heard on March 1, 2021. Mr. Rogers' intent is to close on the bond by mid-May.

Mr. Rogers stated that the Assembly may choose the term of the bond, directing the Committee's attention to packet pages 59 and 60 that outline options for a ten, fifteen, and twenty year debt service amortization plan.

<u>Motion:</u> by Mayor Weldon to move Ordinance 2021-02 to the full Assembly for introduction on February 8, 2021 and public hearing on March 1, 2021, at the 15-year term option, and asked for unanimous consent.

Motion passed by unanimous consent.

V. ITEMS FOR DISCUSSION

a. Remote Sales Tax – Draft Uniform Code Changes

Mr. Rogers stated that CBJ's current local sales tax code exempts the sale of goods ordered and delivered outside the borough. This exemption does not apply to the sale of services ordered and delivered outside the borough, most often pertaining to professional services such as work done by attorneys, engineers, and architects. This rift leads to the seller of a service being taxed twice, once at the point of origin and again at the point of delivery. The Alaska Remote Sellers Sales Tax Commission (ARSSTC) agrees that the Uniform Remote Sales Tax Code and local sales tax codes need to be in alignment to prevent double taxation. As the ARSSTC continues to register remote services such as Hulu, Netflix, Disney+, and HBO, it is important to ensure that Alaska-based service providers are receiving the same taxation. Mr. Rogers stated that he believes that jurisdiction where a service is being delivered has the greatest claim to the sales tax.

Mr. Rogers stated that the ARSSTC does not have the authority to direct a jurisdiction's sales tax code, however if the ARSSTC adopts the proposed changes to the Uniform Remote Sales Tax Code, CBJ will be required to amend its sales tax code to be in line with the ARSSTC's updates in order to remain a member of the ARSSTC. At this time, the ARSSTC is seeking input from local jurisdictions on the proposed changes prior to moving forward with any amendments. Mr. Rogers stated that he believes CBJ would benefit from the changes, as big service/digital providers are operating outside of the state and it would be beneficial to be able to collect remote sales tax on those services.

Mr. Rogers responded to committee questions.

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

Mr. Rogers stated that the numbers presented in the Manager's Passenger Fee Proposal are draft and are likely to change slightly before being presented again as COVID-19 regulations impacting cruise ship traffic continue to evolve. The Passenger Fee Proposal is currently out for public comment, and will appear again before the Committee in March or April.

c. **FY22 Revised Budget AFC Calendar**

Mr. Rogers provided the Assembly with the upcoming FY22 Revised Budget AFC Calendar as an information item. The final calendar will be provided to the Committee at the March or April meeting.

VI. NEXT MEETING DATE

a. Wednesday, March 3, 2021

VII. ADJOURNMENT

The meeting was adjourned at 9:18 pm.