ASSEMBLY FINANCE COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Wednesday, November 4, 2020, 6:00 PM.
Zoom Webinar & FB Live Stream

(webinar: https://juneau.zoom.us/j/92223150190 or call: 1-346-248-7799 Webinar ID: 922 2315 0190)

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

a. **Wednesday, September 30, 2020**

IV. ITEMS FOR DISCUSSION

a. **Sales Tax Update (FY21 Q1 & Forecast)**
b. **Update on Remote Sales Tax Collection**
c. **Impact of Non-General Fund Shortfalls**
d. **Update on $15M G.O. Bond**
e. **Review Debt Service Schedule**
f. **Update on FY20/FY21/FY22**

V. ITEMS FOR ACTION

a. **Alaska Committee Grant - Ordinance 2020-09(X) - $300,000 General Funds - Introduced 10/26 & Public Hearing 11/23**

VI. INFORMATION ITEMS

a. **Teacher Excellence Fund Update**
b. **FY19 GFOA CAFR Award**
c. **Airport Terminal Reconstruction Project Update**

VII. SUPPLEMENTAL MATERIALS

a. **Sales Tax Update (FY21 Q1 & Forecast) - Newest Figures**

VIII. NEXT MEETING DATE

a. **Tuesday, November 10, 2020**

IX. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape containing the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org

DRAFT

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Zoom Webinar & Facebook Live Stream
Wednesday, September 30, 2020

I. CALL TO ORDER

The AFC meeting was called to order at 5:37 PM by Loren Jones, Chair.

II. ROLL CALL

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

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; Dave Scanlan, Eaglecrest Ski Area General Manager

Others Present Virtually: Joan O'Keefe, United Human Services of SE Alaska Executive Director; Lee Kadinger, Sealaska Heritage Institute (SHI) Chief of Operations; Brian Holst, Juneau Economic Development Council (JEDC) Executive Director; Geoff Larson, Alaskan Brewing Company Owner; Erin Walker-Tolles, Catholic Community Services Executive Director; Max Mertz, Economic Stabilization Task Force (ESTF) Co-Chair; Linda Thomas, ESTF Co-Chair; Liz Perry, Travel Juneau President/CEO; Amy Skilbred, Juneau Community Foundation Executive Director

III. APPROVAL OF MINUTES

a. The September 2, 2020 minutes were approved as presented.

IV. INFORMATION ITEMS

a. **CARES Act Funding Update**

Mr. Rogers presented the updated CARES Act funding pie chart to the Committee. Mr. Rogers explained that the green wedges represent funds that have already been appropriated, the orange and yellow wedges represent pieces of legislation that are in progress, and the black wedge represents funds that remain uncommitted. Mr. Rogers reminded the Committee that the uncommitted CARES Act funds could potentially be carried forward past December 30, 2020 if the Federal Government passes legislation to allow it.

Mr. Rogers brought to the attention of the Committee a memo on AFC packet page twelve from the ESTF regarding the exploration of opportunities to spend remaining CARES Act funding, noting that the memo provides an overview of many of the items the AFC will be discussing this evening.

Mr. Rogers responded to committee questions.

V. ITEMS FOR ACTION

a. **United Human Services Funding Request – Ordinance 2020-09(J) – $1,100,000 General Funds – Introduction 10/1/20 & Public Hearing 10/26/20**

Mr. Rogers introduced Ordinance 2020-09(J), which would appropriate $1,100,000 of the General Fund's fund balance as a grant to United Human Services of SE Alaska to aid in the construction of the Southeast Community Services Center.

Mr. Watt noted to the Committee that Mayor Weldon has placed this ordinance on tomorrow night's Special Assembly Meeting agenda as an item for introduction. Public hearing will take place October 26, 2020.

Mr. Rogers responded to committee questions.

<u>Motion</u>: by Ms. Gladziszewski to move Ordinance 2020-09(J) to the Assembly as written.

Motion passed by unanimous consent.

b. **Sealaska Heritage Institute Funding Request – Ordinance 2020-09(K) – $1,500,000 General Funds – Introduction 10/26/20 & Public Hearing 11/23/20**

Mr. Rogers presented Ordinance 2020-09(K), which would appropriate $1,500,000 of the General Fund's fund balance as a grant to Sealaska Heritage Institute to aid in the construction of the Sealaska Heritage Arts Campus.

Mr. Kadinger explained to the Committee that the funding from this ordinance would be instrumental in SHI completing the project. If CBJ were to commit funds, it would assure SHI receives the remaining funding they need from other entities for the project. Mr. Kadinger noted that the contractors have discovered that the soil the campus is being built on is contaminated. The unanticipated costs of removing contaminated material exacerbates the need for funding sooner rather than later.

Mr. Kadinger responded to committee questions.

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<u>Motion</u>: by Ms. Gladziszewski for Ordinance 2020-09(K) to be introduced on October 26, 2020 and public hearing on November 23, 2020.

Motion passed by unanimous consent.

c. **FY21 Juneau School District Supplemental Request – Ordinance 2020-09(M) – $1,653,00 CARES Act Funds – Introduced 9/21/20 & Public Hearing 10/1/20**

Mr. Rogers presented Ordinance 2020-09(M), which would appropriate $1,653,000 of CARES Act funds as supplemental funding for JSD's FY21 COVID-19 related costs. Mr. Rogers referred the Committee to page 59 in the AFC meeting packet, noting that there are three moving pieces of legislation for the School District. This request is supplemental to two existing requests.

Ms. Weiss confirmed that the memo details estimated costs for the School District through December and drew attention to the costs indicated in the Ord. 2020-09(M) column. Estimated expenses include items such as technology for continuing distance education for children and their families (including internet access for those who need it), operational supplies, staff time and support, transportation, and food services.

Ms. Weiss responded to committee questions.

<u>Motion</u>: by Mayor Weldon to move Ordinance 2020-09(M) to the Assembly.

Motion passed by unanimous consent.

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

d. **Business Sustainability Grant Program Additional Funding – Emergency Appropriation Resolution 2907 – $2,000,000 CARES Act Funds – Introduced 9/21/20 & Public Hearing 10/1/20**

Mr. Rogers presented Emergency Appropriation Resolution 2907, which would appropriate $2,000,000 of CARES Act funds as additional funding for Phases 2 and 3 of the COVID-19 Business Sustainability Grant Program. The JEDC estimates that the total amount of eligible grants may exceed available grant funds by up to $2,000,000. Without additional funds, the JEDC will be required to prorate all eligible grant awards to remain within the currently appropriated amount. The proration process delays disbursement of funds to all applicants because each application must be fully processed before any disbursements may be made. Fully funding all estimated grant applications allows the JEDC to timely disburse funds to affected small businesses.

Mr. Rogers responded to committee questions.

<u>Motion</u>: by Mayor Weldon to move Emergency Appropriation Resolution 2907 to the Assembly.

Motion passed by unanimous consent.

e. **Kallaco Testing Grant – Emergency Appropriation Resolution 2910 – $175,000 CARES Act Funds – Introduced 9/21/20 & Public Hearing 10/1/20**

Mr. Rogers presented Emergency Appropriation Resolution 2910, which would appropriate $175,000 of CARES Act funds as a grant to the Greater Juneau Chamber of Commerce to administer a volunteer pilot program to detect and mitigate the spread of COVID-19. This platform would be deployed with front-facing hospitality workers and it would allow employers in Juneau to rapidly trace and monitor their employees.

Mr. Larson responded to committee questions.

Ms. Triem requested that the language in Section 3(d), "Confidentiality," be updated to reflect that CBJ will keep participant information confidential, but Kallaco will not.

Mr. Palmer confirmed that he would work on the language and present an updated version to the Assembly tomorrow, October 1, 2020.

<u>Motion</u>: by Ms. Gladziszewski to move Emergency Appropriation Resolution 2910 to the Assembly for public hearing on October 1, 2020.

Objection by Mr. Edwardson for the purpose of a question. His objection was later removed.

Motion passed by unanimous consent.

f. **Housing Assistance Grants – Emergency Appropriation Resolution 2912 - $3,000,000 CARES Act Funds – Introduction & Public Hearing 10/1/20**

Mr. Rogers presented Emergency Appropriation Resolution 2912, which would appropriate $3,000,000 of CARES Act funds to support a COVID-19 Housing Assistance Grant Program. This would provide financial support to people residing in CBJ wo have been financially harmed by COVID-19 and need assistance paying for mortgage, rent, and utilities from October 1, 2020 through December 30, 2020. Grantees are eligible for up to $2,000 per household.

Ms. Walker-Tolles and Mr. Mertz responded to committee questions.

Motion: by Mayor Weldon to move Emergency Appropriation Resolution 2912 to the Assembly.

Objection by Mr. Jones and Ms. Gladziszewski for the purpose of amendments.

Amendment 1: by Ms. Gladziszewski to amend Section 3(a), "Intent," by changing the date from October 1, 2020 to August 1, 2020, as well as in Section 3(d)(a).

Amendment 1 passed by unanimous consent.

Amendment 2: by Ms. Gladziszewski to amend the statement in Section 3(c)(5), "so the Grant Administrator can arrange payment to the relevant third-party payee" by removing "the relevant third-party payee" and replacing it with "applicant." Also, amend Section 2(d)(b), "Payment Process," by removing the language "landlords, mortgage holders and/or utility providers directly" and replacing it with "applicant."

Objection to Amendment 2 by Mr. Jones.

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

Absent: None
Amendment 2 passed 6/3.

Amendment 3: by Ms. Gladziszewski to amend Section 3(c)(6) by changing the language in the last sentence from "three calendar days" to and "five working days."

Amendment 3 passed by unanimous consent.

Amendment 4: by Mr. Jones to amend Section 3(c)(1) by changing the period of the last sentence into a comma and adding in "which must be occupied by the applicant."

Amendment 4 passed by unanimous consent.

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<u>Revision to Original Motion:</u> by Mayor Weldon to move Emergency Appropriation Resolution 2912 version B, as amended, to the Assembly.

Motion passed by unanimous consent.

The meeting recessed at 8:25 PM.
The meeting reconvened at 8:35 PM.

g. **Post-Secondary Education Grants – Ordinance 2020-09(O) – $500,000 CARES Act Funds – Introduction 10/1/20 & Public Hearing 10/26/20**

Mr. Rogers presented Ordinance 2020-09(O), which would appropriate $500,000 of CARES Act funds for post-secondary education assistance grants related to COVID-19. The grant would be administered by the Southeast Regional Resource Center (SERRC) and would provide financial assistance to post-secondary students who have been financially harmed by COVID-19.

Mr. Mertz added that this ordinance would provide $150 per credit hour (up to twelve credit hours maximum) to eligible students who are physically located in Juneau and attending college. The grant would provide an estimated 250 students with assistance.

Mr. Mertz responded to committee questions.

<u>Amendment 1:</u> by Ms. Hale to amend Section 4(c)(3) by striking "A student that has received unemployment benefits since March 2020 is not eligible."

Objection to Amendment 1 by Mayor Weldon. The objection was later removed.

Amendment 1 passed by unanimous consent.

<u>Amendment 2</u>: by Ms. Hale to strike the Section 4(c)(4) statement "Proof of income can be evidenced by the most recent tax return or other reasonable and verifiable information. The Grant Administrator shall not keep a copy of the income verification," and replace this language with the language used in the Housing Assistance Emergency Appropriation Resolution 2912 under Section 3(c)(6).

Amendment 2 passed by unanimous consent.

<u>Motion</u>: by Mr. Bryson to move Ordinance 2020-09(O) version B, as amended, to the Assembly for introduction on October 1, 2020.

Objection by Mr. Jones, who asked Mr. Bryson to speak to his motion.

Mr. Bryson stated that when people further their education, they improve their income earning capacity. Incentivizing user groups to further their education would strengthen the economy. His opinion is that the Assembly should be supporting post-secondary education in Juneau.

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

Absent: None
Motion failed 5/4.

h. **Hospitality Industry Grants – Ordinance 2020-09(P) – $1,500,000 CARES Act Funds – Introduction 10/1/20 & Public Hearing 10/26/20**

Mr. Mertz stated that the ESTF discussed Ordinance 2020-09(P) at length during its last two meetings. The Task Force believes the ordinance still needs work in terms of its breadth and intent. The ordinance has been referred back to the fact finding committee, who will discuss it at their October 8, 2020 meeting.

No action was taken on Ordinance 2020-09(P). The AFC will wait for additional information and recommendation from the ESTF.

i. **Bartlett Regional Hospital Patient Intake/Triage Planning – Emergency Appropriation Resolution 2908 – $400,000 CARES Act Funds – Introduced 9/21/20 & Public Hearing 10/1/20**

Mr. Watt recommended that the AFC wait to take any action on Emergency Appropriation Resolution 2908 until closer to the end of the calendar year. This emergency appropriation resolution will be publicly heard on October 1, 2020. Mr. Watt said that Mr. Bill at Bartlett Regional Hospital has confirmed that the hospital plans to proceed with the planning work regardless of funding source. The Assembly will be able to circle back to this item closer to the end of the year to determine which costs are eligible to be covered under CARES Act funds.

The AFC decided to hold off on this item until more information is available.

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j. **Travel Juneau Campaign Grant – Ordinance 2020-09(L) – $383,775 CARES Act Funds – Introduced 9/21/20 & Public Hearing 10/1/20**

Mr. Rogers presented Ordinance 2020-09(L), which would appropriate $383,775 of CARES Act funds to be used as a grant to Travel Juneau for the Juneau Cares Campaign.

Ms. Perry added that travelers are looking for assurance that destinations are safe to visit. The Juneau Cares initiative is a communications project to encourage the development and implementation of robust protocols and mitigation plans among visitor industry businesses. The initiative will provide resources to all local businesses and communicate Juneau's commitment to safety from pathogens like COVID-19 to its visitors.

Ms. Perry responded to committee questions.

Motion: by Mayor Weldon to move Ordinance 2020-09(L) to the Assembly.

Motion passed by unanimous consent.

The meeting recessed at 9:42 PM.
The meeting reconvened at 9:51 PM.

k. **Non-Profit Grant Program & Additional Requests**

Mr. Watt presented a spreadsheet to the Committee from Juneau Community Foundation detailing the non-profit funding requests received under the Non-Profit Grant Program. Mr. Watt reminded the Committee that the appropriation for this program was originally set at $3,000,000; the initial requests came in at $1,800,000. Ms. Skilbred, working with her employee contractor, has come up with a methodology that could potentially increase the grant awards to a maximum of $2,400,000 after any deductions of CARES Act funding that grantees may have already received are taken into account. In conferring with Mr. Palmer, it was determined that this would not fall under the Manager's discretion; a motion is needed in order to increase the overall grant amount.

Ms. Skilbred responded to committee questions.

Motion: by Mayor Weldon to have the Attorney draft an emergency ordinance to authorize Juneau Community Foundation to increase its overall grant amount so as to allow for additional allotments to awarded non-profit grants and to give the Foundation the flexibility to explore potential non-profit shelter and food grant opportunities. This should be ready for introduction and public hearing October 26, 2020.

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Objection by Mr. Jones and Ms. Gladziszewski for the purpose of a question. The objections were later removed.

Motion passed by unanimous consent.

l. **Further Funding Requests**

Mr. Smith stated that looking at the amount of CARES Act funds remaining to be spent versus the need under the Housing Assistance Program, seemingly the amount of the program is going to come up short. Mr. Smith added that he would like to work with the Attorney to draft a supplemental appropriation ordinance for the Housing Assistance Program in anticipation that the original appropriation may fall short of community need.

The Committee discussed Mr. Smith's request.

Motion: by Mr. Smith to work with the Attorney to draft a supplemental appropriation ordinance for introduction on October 26, 2020 for the purpose of adding additional funds to the Housing Assistance Program.

Motion passed by unanimous consent.

Motion: by Ms. Hughes-Skandijs to work with the Attorney to explore options for a program based on demonstrating economic harm from COVID-19 as an individual, similar to Skagway's program, with a set amount that would perhaps be comparable to the rental and heating assistance program.

Motion passed by unanimous consent.

VI. ITEMS FOR DISCUSSION

a. **Eaglecrest: Operating Budget & Equipment Reserve**

Mr. Scanlan explained that Eaglecrest has been exploring ideas on how they can effectively operate the ski area safely this winter; they have put together a COVID-19 operations plan. In order to enact that plan, Eaglecrest has need for additional staffing. Eaglecrest will be a face mask mandated campus and will be keeping visitors outside as much as possible while maintaining safe social distancing measures. There will be additional chair operations, frequent cleaning, and outdoor controls. The other component of the operations plan is to create outdoor spaces by putting up large tents and seating to give guests alternative places to rest and mitigate the risk of COVID-19 exposure.

Mr. Scanlan responded to committee questions.

Motion: by Ms. Gladziszewski that the Manager, Finance Director, and Mr. Scanlan work to come up with a number for CARES Act eligible spending, introduce an ordinance based on that number, and follow up on the remaining expenditures at a later date.

Objection by Mayor Weldon for the purpose of an amendment.

Amendment 1: by Mayor Weldon to forward both sets of funding and split them out from what is CARES Act eligible and what is not, and then decide from there.

Mr. Jones clarified that Mayor Weldon's amendment essentially restates the original motion by Ms. Gladziszewski. Ms. Gladziszewski accepted the restatement.

Objection by Mr. Jones.

Roll Call Vote:
Ayes: Bryson, Edwardson, Gladziszewski, Hales, Hughes-Skandijs, Smith, Weldon
Nays: Jones, Triem

Absent: None
Motion passed 7/2.

VII. NEXT MEETING DATE

a. Wednesday, November 4, 2020.

VIII. ADJOURNMENT

The meeting was adjourned at 10:29 PM.

MEMORANDUM

DATE: November 2, 2020

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

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

SUBJECT: **Sales Tax Actual, Projection, and Forecast Update**

The story of CBJ's recent financial history is generally the story of Sales Tax. In just the three years from FY2016 to FY2019, Sales Tax receipts rose by $4.8 million, more than 10%. Conversely, property taxes have been strong and stable, but have trended to increase at just 1.5% to 2% annually. As Sales Taxes have risen, CBJ expenditures have risen in turn. This increased revenue funded investments in police and emergency services, as well as negotiated wages. These substantial sales taxes also allowed the Assembly to fund several priority community projects and fortify general fund reserves.

Sales Taxes are highly sensitive to economic activity, and they are especially sensitive to visitation/tourism. The pandemic not only resulted in a global halt in cruising, but also a radical diminishment of air travel. Additionally, government mandates and consumer precautions have curtailed in-person shopping, dining, and drinking. All of these factors lead to reduced sales tax revenue. However, there are also factors in this environment that support overall sales tax receipts. Of greatest significance is the unprecedented level of federal and state stimulus. The magnitude of the government support has been staggering, including individual stimulus payments, an early PFD, individual grants/assistance, enhanced unemployment benefits, and massive support for struggling businesses. This level of stimulus creates business and consumer buying power, which generates sales tax revenue. Also, it is somewhat likely that some local consumers have *more* disposable income for purchasing good/services because they are not travelling. What they might have spent on an annual vacation may be getting spent locally. So, while several of the most important factors (reduced economic activity and reduced tourism) have significantly curtailed sales tax revenues, there are also these elements of support (primarily government stimulus).

Looking at the attached projection, you can see that FY2020 sales tax receipts came in at $46.7 million—$3.7 million lower than FY2019 but also $3.7 million higher than budgeted expectations. Indeed Q3 and Q4 of FY2020 were higher than expected, likely resulting from the substantial federal stimulus.

Reporting for the 1st quarter of FY2021 is just days away. However, the $11.1 million projection for the quarter anticipated some amount of late summer tourism and return to economic normalcy that did not occur. Hence, that quarter's projection needs to be reduced. We now project $9.4 million for Q1 of FY2021, which is the same amount received in Q4 of FY2020, but $1.7 million less than forecast. Estimates for Q2 and Q3 of FY2021 have been re-forecast at $8.5 million each quarter, which generally represents an economic baseline for the lowest returns of any quarter in recent reporting. The estimate for Q4 of FY2021 is very highly dependent on whether or not Juneau sees a cruise season, but given recent reports from CLIAA and others, we have lowered the forecast for Q4 FY2021 from $12.0 million to $10.0 million. Taken all together, these revisions reflect a $4.3 million reduction in sales tax from the budget adopted in June, and they represent a staggering $12.8 million reduction in total annual sales tax from FY2019 to FY2021.

Given the considerable uncertainty about when ships will again port in Juneau, we have also reduced Q1 FY2022 by $3.0 million and Q4 FY2022 by $0.8 million. We have left Q2 FY2022 and Q3 FY2022 unadjusted, as there is just too little information to indicate better estimates than previous. Taken together, these adjustments reduce FY2022 sales tax by $3.8 million.

These most recent revisions to this sales tax forecast have reduced budgeted revenue in FY2021 and FY2022 by $8.1 million total. To some degree, this is offset by sales taxes having come in $3.9 million higher than expected in FY2020. It's also worth noting that sales taxes are likely to be diminished through FY2023 and FY2024. Most likely, it takes many years to get back to an economy as robust as FY2019.

This memo is already too long, but it may be worth noting that prior to the pandemic, CBJ was already nervous about other economic factors, notably state employment. It appears that state employment continues to decline in Juneau, which results in part from budget reductions to state programs and in part from the shift of positions from Juneau to Anchorage. However, if the number of state retirees living in Juneau continues to grow, it would partially offset the loss of active positions, at least for as long as those retirees stay living in the community. As discussed previously, the loss of state employment is certainly damaging, but state employment is simply not as big a portion of Juneau's economy as it was a decade ago. Growth in tourism and mining have supplanted state employment losses, which actually brings some better degree of balance to Juneau's economy. All that said, further reductions to state employment would bring further damage.

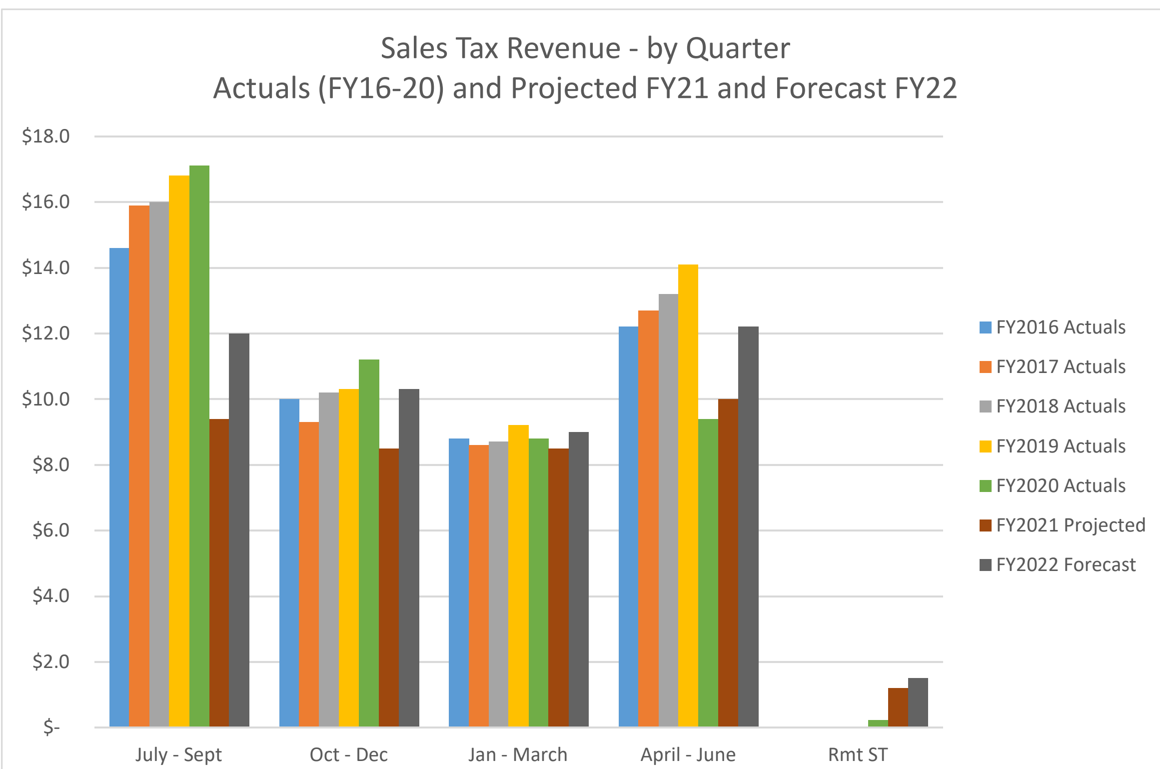
Sales Tax Actuals, Projection, and Forecast
Updated 10.29.2020

Sales Tax	**Q1** July - Sept $$	%↕	**Q2** Oct - Dec $$	%↕	**Q3** Jan - March $$	%↕	**Q4** April - June $$	%↕	**Annual Rmt ST** $$	**Total** $$	%↕
FY2016 Actuals	$ 14.6		$ 10.0		$ 8.8		$ 12.2		$ -	**$ 45.6**	
FY2017 Actuals	$ 15.9	8.9%	$ 9.3	-7.0%	$ 8.6	-2.3%	$ 12.7	4.1%	$ -	**$ 46.5**	**2.0%**
FY2018 Actuals	$ 16.0	0.6%	$ 10.2	9.7%	$ 8.7	1.2%	$ 13.2	3.9%	$ -	**$ 48.1**	**3.4%**
FY2019 Actuals	$ 16.8	5.0%	$ 10.3	1.0%	$ 9.2	5.7%	$ 14.1	6.8%	$ -	**$ 50.4**	**4.8%**
FY2020 Projected	$ 17.1	1.8%	$ 11.2	8.7%	$ 7.5	-18.5%	$ 7.0	-50.4%	$ 0.2	**$ 43.0**	**-14.7%**
FY2020 Actuals	$ 17.1	1.8%	$ 11.2	8.7%	$ 8.8	-4.3%	$ 9.4	-33.3%	$ 0.2	**$ 46.7**	**-7.3%**
Over/(Under) Proj	$ -		$ -		$ 1.3		$ 2.4		$ 0.0	**$ 3.7**	
FY2021 Budget	$ 11.1	-35.1%	$ 9.0	-19.6%	$ 8.6	-2.3%	$ 12.0	27.7%	$ 1.2	**$ 41.9**	**-10.3%**
FY2021 Projected	$ 9.4	-45.0%	$ 8.5	-24.1%	$ 8.5	-3.4%	$ 10.0	6.4%	$ 1.2	**$ 37.6**	**-19.5%**
Over/(Under) Proj	$ (1.7)		$ (0.5)		$ (0.1)		$ (2.0)		$ -	**$ (4.3)**	
FY2022 Budget	$ 15.0	35.1%	$ 10.3	14.4%	$ 9.0	4.7%	$ 13.0	8.3%	$ 1.5	**$ 48.8**	**16.5%**
FY2022 Forecast	$ 12.0	27.7%	$ 10.3	21.2%	$ 9.0	5.9%	$ 12.2	22.0%	$ 1.5	**$ 45.0**	**19.7%**
Over/(Under) Proj	$ (3.0)		$ -		$ -		$ (0.8)		$ -	**$ (3.8)**	

FY2020 Remote Sales Tax		
FY20 Q3	March	$ 8,608
FY20 Q4	April	$ 59,622
	May	$ 71,410
	June	$ 86,952
Total FY2020 Remote Sales Tax		$ 226,592

FY2021 Remote Sales Tax		
FY21 Q1	July	$ 93,529
	August	$ 99,659
YTD FY2021 Remote Sales Tax		$ 193,188

Estimates assume 300-500k passengers in Summer 2021 and 500k-1M passengers in Summer 2022



MEMORANDUM

DATE: November 2, 2020

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

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

SUBJECT: **Update on Remote Sales Tax Collection**

CBJ imposition of sales taxes on remote (i.e. online) sales has been successful. Principally, this measure was intended to create tax equity between local sellers and remote sellers, which it has done. Secondarily, the measure is generating more than $1 million per year in sales tax revenue. The following table details remote sales taxes received (after administration costs) since the remote sales tax code was adopted.

	FY20 Q3	March	$	8,608
FY2020 Remote Sales Tax	FY20 Q4	April	$	59,622
		May	$	71,410
		June	$	86,952
		Total FY2020	$	226,592
FY2021 Remote Sales Tax	FY21 Q1	July	$	93,529
		August	$	99,659
	Year-to-Date FY2021		$	193,188
	Total Remote Sales Tax To-Date		**$**	**419,780**
	Total Projected FY2021		**$**	**1,200,000**
	Total Forecast FY2022		**$**	**1,500,000**

The key takeaway is that CBJ budget estimates for remote sales tax revenue appear to be spot-on. The Alaska Remote Sellers Sales Tax Commission (ARSSTC) indicates that several large national retailers—including Target and Walmart—have recently registered. The ARSSTC also notes that many large national retailers have yet to register and begin imposing and remitting sales taxes as required. The Commission will continue to engage with known large retailers to gain compliance. As additional retailers register, CBJ should expect to see somewhat increased collections.

Two factors are somewhat unknown. First, we do not know if monthly remote sales collections will follow the typical seasonality of CBJ's existing local sales tax. Second, the impact of the pandemic on remote sales is not perfectly clear. Anecdotally, we believe that residents have shifted a portion of their buying online in an effort to avoid the face-to-face contact that may come with shopping in-person. But that shift to online shopping may be partially offset by the overall economic climate—meaning that residents simply have less money to spend.

Ultimately, both the FY2021 projected and FY2022 forecast revenue are in-line with expectations, and we have little reason to believe that they will fall short in either year. With many large retailers continuing to register, it is possible that we could be surprised to the upside.

MEMORANDUM

DATE: November 2, 2020

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

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

SUBJECT: **Impact of Non-General Fund Shortfalls**

Several non-general funds may need general fund support in the coming years. Namely, the Hotel Bed Tax fund, the Marine Passenger Fee fund, and the Port Development fund. These funds are highly sensitive to tourism and visitation.

Hotel Bed Tax Fund

For many years, the principle purpose of Hotel Bed Tax receipts has been to fund tourism marketing and convention center operations. In the FY2021 budget, following the recommendation of staff, the Assembly funded Centennial Hall and Travel Juneau at levels reduced from FY2020, but still in excess of the Hotel Bed Tax revenue expected in FY2020. Hence, general funds were utilized to fill the gap. There is no doubt that Hotel Bed Tax receipts are significantly depressed in FY2021 and will remain so for the foreseeable future. At the same time, the Assembly may wish to respond to calls for enhanced tourism marketing efforts to help Juneau pull out of its current economic trough.

It is worth noting here that CBJ did use significant CARES/FEMA funds for Centennial Hall in FY2021, but those funds do not offset (and cannot allowably offset) CBJ's regular operating support of the facility via the management agreement with the Juneau Arts and Humanities Council.

Passenger Fee Funds: Marine Passenger Fee Fund and Port Development Fund

These two funds collect and hold CBJ's three separate passenger fees. The $5 marine passenger fee goes to the Marine Passenger Fee fund, and the $3 port development fee and the $5 state marine passenger fee together go to the Port Development Fund. Each of these fees and funds is utilized for slightly different purposes, but it's reasonable to consider them altogether. These fees generated almost $15 million in FY2019, and the trend was for higher receipts in the future.

Of the nearly $15 million in passenger fee receipts, the vast majority would typically be appropriated for capital investments and waterfront/maritime/tourism services. Those costs can largely be delayed or avoided in the absence of passenger fee receipts. However, two costs funded by passenger fees cannot be avoided, even without passengers arriving. The first is the annual $2.1 million debt service payment on the new cruise ship docks. The second is approximately $2.7 million of allocated CBJ central service costs (police, fire, cleaning, maintenance) that generally cannot be avoided, even without visitation. These two costs demand approximately $4.5 – 5.0 million of passenger fees annually, and they will need to be paid, even in the absence of passenger fee revenue. Without passenger fee receipts, this amount of cost would become an additional burden on the general fund.

Central Treasury Loan

If the Assembly wishes to avoid substantial general fund subsidies to the funds lacking revenue, one option available is a central treasury loan. The primary difference between using a central treasury loan and simply subsidizing these funds with general funds is that the central treasury loan would be paid back in future years. This may be more attractive with the two Passenger Fee Funds because in a typical year, those funds could have sufficient revenue to pay back a loan resulting from a prior year without visitors. The Hotel Bed Tax fund, however, may not be a good candidate for a central treasury loan because Hotel Bed Tax receipts have typically not significantly exceeded necessary annual expenditures.

MEMORANDUM

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

DATE: November 2, 2020

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: **Update on $15 Million General Obligation Bond**

The CBJ Clerk has certified that the ballot proposition authorizing a $15 million general obligation bond was adopted by the public. The Assembly will review several additional pieces of legislation before the bond is sold or projects can begin. But there are several issues that need attention before CBJ could proceed to sell the bond.

Resulting from an Alaska Supreme Court decision about the legality of the state selling bonds to pay for oil tax credits, the Alaska Municipal Bond Bank Authority (AMBBA) is not currently proceeding with new bond issues. Our understanding is that the State has asked the Alaska Supreme Court for clarification about its authority to sell bonds as a conduit for municipal debt. Until this is resolved, CBJ cannot sell a bond through the AMBBA.

However, CBJ is not required to use the AMBBA when selling a bond. The Municipality of Anchorage rarely, if ever, does so. CBJ has the ability to sell a bond directly into the market without the AMBBA as a conduit. This has been considered in the recent past also. For previous bonds, there have been advantages to using the bond bank including the state's credit rating (which used to be higher than CBJ's independent rating) and the economies of scale that come from the bond bank selling one larger bond for multiple municipalities.

CBJ received a private preliminary bond rating of Aa3, with a positive outlook, from Moody's in 2019. That rating is roughly equivalent to the state's current ratings. But, there is no guarantee that CBJ would rate as highly today as it did in 2019—no doubt, the economic damage of the pandemic creates uncertainty that might damage CBJ's rating. The same holds true, however, for the state. All in all, CBJ should generally assume that its credit rating will be comparable or equivalent to that of the state.

The largest issue with going to direct to market is the small size of the bond and the 20-25 year term. Institutional investors tend not to purchase bond maturities this small, which drives up the overall interest costs.

An attractive alternative is "direct placement." CBJ Finance is exploring this option now. In short, direct placement allows CBJ to sell a bond (take out a loan) directly from an identified private bank. The Municipality of Anchorage has been selling bonds direct to Key Bank for a number of years. This process of direct placement avoids most of the effort required to the public markets. Direct placement usually results in slightly higher interest costs, but those costs are at least offset by savings on administrative and legal costs. CBJ Finance will continue to explore direct placement as an efficient option for selling the $15 million bond.

The Department of Public Works and Engineering will put forward a list of bond-funded projects at the Public Works and Facilities Committee meeting on November 9, 2020. Preliminary conversations about project timing have suggested that the bond should likely be sold all-at-once rather than over multiple series. Generally, CBJ Finance prefers to sell bonds close to project expenditures to avoid issues with tax arbitrage. But in this case, selling this bond in multiple series in concurrent years would likely increase the overall cost of borrowing. Staff with Public Works and Engineering have indicated that Juneau's base of contractors are currently at capacity. This means that bond-funded projects may proceed more slowly as other projects wrap up and contractors become available again. Proceeding with projects when contractor capacity is tight risks excessive bids that would cause projects to be more costly than expected.

As noted in other memos, projects funded by this GO bond may offset some current or future general funded capital appropriations. Notably, the Assembly appropriated $1.5 million for school repairs during FY2021, which could instead be supplanted with bond proceeds to reap a net savings to the general fund.

And finally, new debt issuances result in new debt service costs. On its own, a $15 million bond issued for 25 years would result in debt service of approximately $770,000 annually or 0.15 mills. If issued for 20 years, it would result in debt service of approximately $920,000 annually or 0.18 mills.

So what impact does this have on the overall mill rate? The answer is wholly contingent on the state's level of school bond debt reimbursement. If school bond debt was fully reimbursed by the state to CBJ as expected, the new general obligation bond could be issued and paid for with no increase to the total mill rate. Nevertheless, the current expectation is that school bond debt will not be reimbursed at all, or perhaps reimbursed at 50% at the most. Unreimbursed school bond debt remains a burden on the debt service fund, and it will require a general fund transfer in FY2021 and likely in FY2022. The Assembly could choose for that general fund transfer to be large enough in FY2022 to effectively subsidize the cost of the debt service for the general obligation bond. This is a complex math problem that benefits from analysis in CBJ's Debt Service Model.

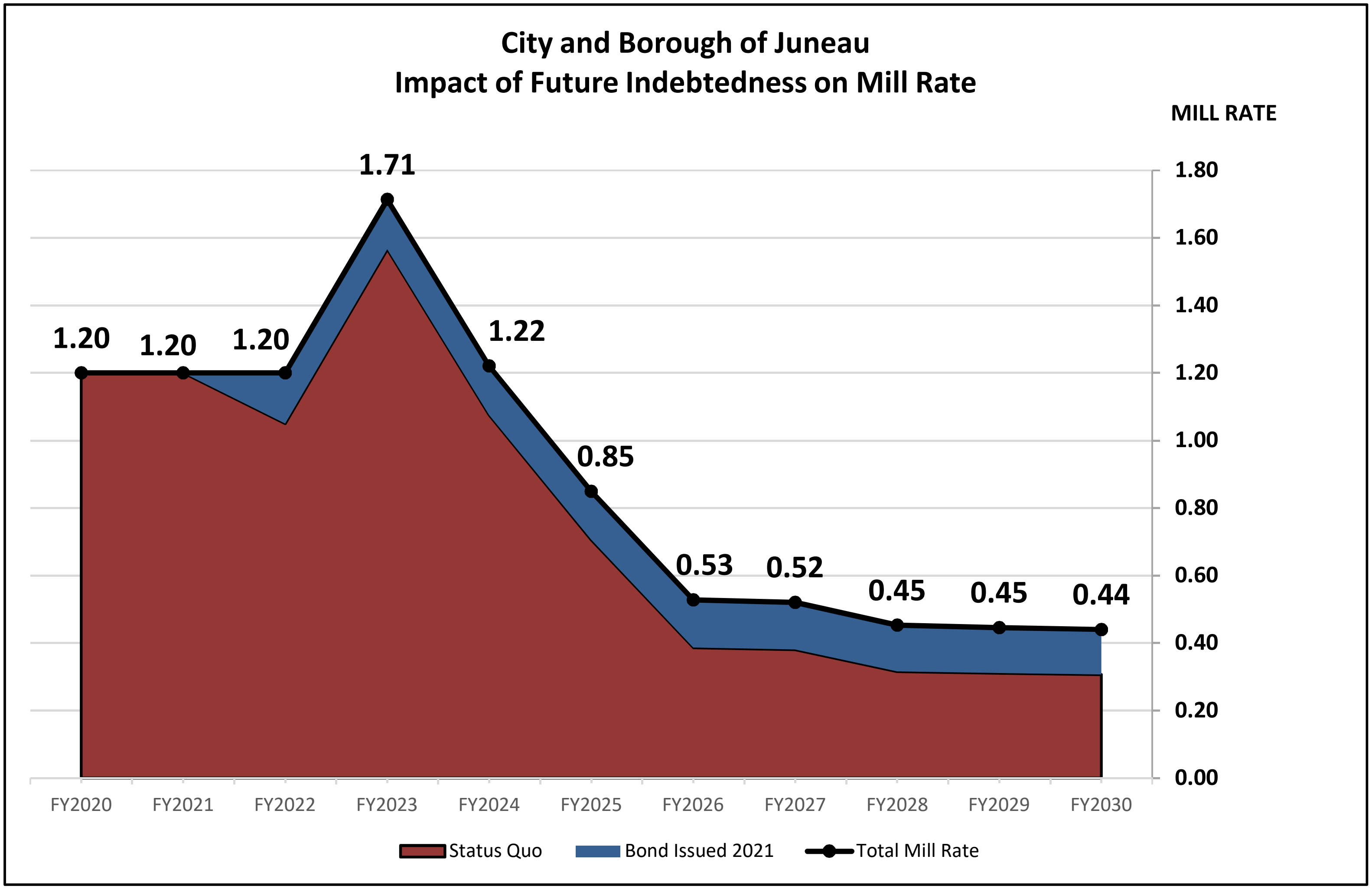
CBJ Debt Service Model

Updated 11/2/2020

	Actual FY2020	*Projected* FY2021	FY2022	FY2023	FY2024
Debt Service Fund Balance	**$ 5,156,600**	**$ 881,048**	**$ -**	**$ -**	**$ -**
Required Debt Service	**$ 13,903,337**	**$ 13,496,211**	**$ 12,148,203**	**$ 8,137,911**	**$ 5,672,823**
Reimbursements/Subsidies					
SOA SBDR %	50%	0%	0%	0%	0%
SOA SBDR $	$ (3,441,732)	$ -	$ -	$ -	$ -
Federal Subsidy	$ (165,475)	$ (5,600)	$ -	$ -	$ -
Airport Reimbursement $		$ (602,375)	$ (662,625)		
Net Required Debt Service	**$ 10,296,130**	**$ 12,888,236**	**$ 11,485,578**	**$ 8,137,911**	**$ 5,672,823**
Debt Service Paid by Mill Rate	**$ 6,020,578**	**$ 6,144,501**	**$ 5,376,438**	**$ 8,137,911**	**$ 5,672,823**
Debt Service Fund Net Gain/(Loss)	**$ (4,275,552)**	**$ (881,048)**	**$ -**	**$ -**	**$ -**
Required General Fund Subsidy	**$ -**	**$ 5,862,688**	**$ 6,109,140**	**$ -**	**$ -**
Deb Service Mill Rate (Status Quo)	**1.20**	**1.20**	**1.05**	**1.57**	**1.08**
Valuation Growth	0.0%	0.0%	0.0%	1.5%	1.5%
Valuation	$ 5,017,148,146	$ 5,120,417,119	$ 5,120,417,119	$ 5,197,223,376	$ 5,275,181,726
Debt Service Mill Rate (with Future Debt)	**1.20**	**1.20**	**1.20**	**1.71**	**1.22**
Anticipated Future GO Bond Debt					
Bond Issued 2021	$ -	$ -	$ 768,307	$ 768,307	$ 768,307
Future Debt Contribution to Mill Rate					
Bond Issued 2021	0.00	0.00	0.15	0.15	0.15

CBJ Future Indebtedness

Name	Start Year	Duration	End Year	Amount	Rate
Bond Issued 2021	2022	25	2047	$ 15,000,000	2.0%



Macro Budget Tool FY20-FY22

Updated 11.2.2020

		FY20	FY21	FY22
June 2020 Macro Budget Tool	**Projected Budget Surplus/(Draw):**	**$ (7.5)**	**$ (16.0)**	**$ (11.0)**
	Change in Property Tax Revenue (increase 0.2 mills)			$ 1.1
	CARES Act or FEMA Funding	$ 7.0	$ 10.6	$ 0.6
	Sales Tax Revenue Above Forecast	$ 1.0		
	Deappropriation of CIPs	$ 1.0	$ 3.5	$ 1.5
	Delay of Augustus Brown Pool CIP to FY22		$ 3.3	$ (3.3)
	Impact from School Bond Debt Reimb	$ (3.6)	$ (3.3)	
	Budgetary Lapse	$ 1.5	$ 1.5	$ 1.5
	Added Priority CIP Projects		$ (1.5)	
	GF Impact of Pending List Added Costs		$ (1.3)	$ (0.9)
	GF Reduction to CBJ Operations		1.1	
	Lost User Fees and Charges for Service	$ (0.6)	$ (1.0)	
	Budgeted Surplus/(Draw) from Unrestricted Fund Balance:	**$ (1.2)**	**$ (3.1)**	**$ (10.5)**
November 2020 Forecast Changes	Sales Tax Revenue Above/(Below) Forecast	$ 2.9	$ (4.3)	$ (3.8)
	Investment Income Above/(Below) Forecast	$ 3.0		
	Impact from School Bond Debt Reimb		$ 3.0	$ (3.1)
	Reduced Federal/State Grants	$ (1.5)		
	CARES Transit Grant	$ 0.9	$ 2.0	
	Grant to UHS (pending)		$ (1.1)	
	Grant to Glory Hall		$ (2.3)	
	Grant to SHI (pending)		$ (1.5)	
	Grant to Alaska Committee (pending)		$ (0.3)	
	Additional GF Appropriations/Grants		$ (0.3)	
	Additional Budgetary Lapse	$ 0.2		
	Bond Funded Projects Offset GF (pending)		$ 1.5	
	Increased Use of CARES to Offset GF	$ 0.2	$ 0.5	
	Deappropriation of CIPs (not implemented)	$ (1.0)		
	Unreimbursed EOC Expenditures		$ (3.0)	
	Support to other non-GF Funds (HBT, MPF, PDF)		$ (1.0)	$ (1.0)
	Forecast Surplus/(Draw) from Unrestricted Fund Balance:	**$ 3.5**	**$ (9.9)**	**$ (18.4)**

	FY19	FY20	FY21	FY22
Restricted Budget Reserve	$ 16.6	$ 13.6	$ 13.6	$ 7.4
Unrestricted General Fund Balance	$ 18.5	$ 22.0	$ 12.2	$ -
Combined General Fund Balance	**$ 35.1**	**$ 35.6**	**$ 25.8**	**$ 7.4**

MEMORANDUM

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

DATE: November 2, 2020

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: **Update on FY2020 Year-end Close**

The financial statements for FY2020 (the fiscal year most recently closed on June 30, 2020) are being finalized now, and auditors have begun their initial review. The main takeaway is a resulting $3.5 million surplus after a budgeted $1.2 million draw. This review starts with the format of the Macro Budget Tool used last April/May.

			FY20
June 2020 Macro Budget Tool	**Projected Budget Surplus/(Draw):**	**$**	**(7.5)**
	CARES Act or FEMA Funding	$	7.0
	Sales Tax Revenue Above Forecast	$	1.0
	Deappropriation of CIPs	$	1.0
	Impact from School Bond Debt Reimb	$	(3.6)
	Budgetary Lapse	$	1.5
	Lost User Fees and Charges for Service	$	(0.6)
	Budgeted Surplus/(Draw) from Unrestricted Fund Balance	**$**	**(1.2)**
November 2020 Forecast Changes	Sales Tax Revenue Above/(Below) Forecast	$	2.9
	Investment Income Above/(Below) Forecast	$	3.0
	Reduced Federal/State Grants	$	(1.5)
	CARES Transit Grant	$	0.9
	Additional Budgetary Lapse	$	0.2
	Increased Use of CARES to Offset GF	$	0.2
	Deappropriation of CIPs (not implemented)	$	(1.0)
	Forecast Surplus/(Draw) from Unrestricted Fund Balance:	**$**	**3.5**

Several factors improved the overall financial outcome of FY2020. Federal emergency funding from various sources offset general fund spending by more than $8 million total. Additionally, while total sales tax receipts were $3.7 million lower than in FY2019, they were still $3.9 million higher than expected when the budget was finalized. Also significantly, investment income exceeded the budget by $3 million. This resulted from falling prevailing interest rates over the course of FY2020, which caused the value of our portfolio to rise accordingly. Note, CBJ could see depressed investment earning in the future as rates rise again. Last but not least, a healthy $1.7 million lapse of general fund authority represents efforts by the Manager and city staff to constrain spending—including not hiring seasonal staff.

These numbers may move slightly as the Controller completes supporting financial statements, but a surplus in the ballpark of $3.5 million is safely expected. This surplus increases the unrestricted general fund balance from approximately $18.5 million at the end of FY2019 to approximately $22.0 million at the end of FY2020. The restricted budget reserve was reduced from $16.6 million at the end of FY2019 to $13.6 at the end of FY2020 to fund the small business loan program. This yields a total combined general fund balance of $35.6 million at the end of FY2020, largely unchanged from FY2019.

MEMORANDUM

DATE: November 2, 2020

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

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

SUBJECT: **Update on FY2021 Projections & Impact on Fund Balance**

A lot has happened since the Assembly adopted the FY2021 budget in June. This review starts with where the Assembly finished its work using the Macro Budget Tool.

			FY21
June 2020 Macro Budget Tool	**Projected Budget Surplus/(Draw):**	**$**	**(16.0)**
	CARES Act or FEMA Funding	$	10.6
	Deappropriation of CIPs	$	3.5
	Delay of Augustus Brown Pool CIP to FY22	$	3.3
	Impact from School Bond Debt Reimb	$	(3.3)
	Budgetary Lapse	$	1.5
	Added Priority CIP Projects	$	(1.5)
	GF Impact of Pending List Added Costs	$	(1.3)
	GF Reduction to CBJ Operations		1.1
	Lost User Fees and Charges for Service	$	(1.0)
	Budgeted Surplus/(Draw) from Unrestricted Fund Balance:	**$**	**(3.1)**
November 2020 Forecast Changes	Sales Tax Revenue Above/(Below) Forecast	$	(4.3)
	Impact from School Bond Debt Reimb	$	3.0
	CARES Transit Grant	$	2.0
	Grant to UHS (pending)	$	(1.1)
	Grant to Glory Hall	$	(2.3)
	Grant to SHI (pending)	$	(1.5)
	Grant to Alaska Committee (pending)	$	(0.3)
	Additional GF Appropriations/Grants	$	(0.3)
	Bond Funded Projects Offset GF (pending)	$	1.5
	Increased Use of CARES to Offset GF	$	0.5
	Unreimbursed EOC Expenditures	$	(3.0)
	Support to other non-GF Funds (HBT, MPF, PDF)	$	(1.0)
	Forecast Surplus/(Draw) from Unrestricted Fund Balance:	**$**	**(9.9)**

The Sales Tax revenue forecast and support to other non-GF funds are discussed at length in other memos in this packet.

CBJ continues to use CARES/FEMA funds in FY2021 for all allowable expenditures related to emergency operations. This includes substantial police/fire payrolls, costs of the Emergency Operations Center, information technology infrastructure to support remote meetings and telework, and some building maintenance expenditures. A portion of CBJ's expenditure of CARES funds offsets general fund expenditures, and a portion pays for extraordinary costs. Those extraordinary (non-budgeted) costs for emergency operations will continue after the end of the CARES grant. The table above forecasts $3.0 million of unreimbursed emergency operations costs in FY2021 for the period from January to June.

CBJ Transit also received a $2.9 million grant from the Federal Transit Authority under the CARES Act. Of that total, $0.9 million was allocated for operational expenses of transit in FY2020 and $2.0 million was allocated to FY2021. This grant directly offsets general fund support for transit and also helps to offset loss of rider fees.

The (positive) change for unreimbursed school bond debt corrects an error in the previous Macro Budget Tool. However, this is a timing difference, and that obligation has merely shifted to FY2022, so the net impact on fund balance remains the same.

The Assembly has approved a $2.3 million grant to fund a new Glory Hall facility and a $1.1 million grant to fund the new United Human Services (UHS) facility. Additionally, the Assembly has pending legislation for a $1.5 million grant to Sealaska Heritage Institute (SHI) as well as pending legislation for a $300,000 grant to the Alaska Committee. Taken together, these represent $5 million of community investments during FY2021. They spend directly from unrestricted fund balance, and increase the FY2021 general fund deficit.

Last, the table includes a credit of $1.5 million in anticipation that the Assembly will likely consider using bond proceeds to offset general fund expenditures. For example, the Assembly appropriated $1.5 million general funds in FY2021 to replace a school roof. Since school roofs were projects identified in the bond package, the Assembly could deappropriate those general funds and use bond funding instead. This would have a positive impact on the surplus/(deficit) and would reduce overall use of general fund balance in FY2021.

All of those changes together turn a budgeted $3.1 million deficit into a projected $9.9 million deficit for FY2021. This deficit would reduce unrestricted general fund balance from $22.0 million at the end of FY2020 down to $12.2 million at the end of FY2021. This calculation assumes that the Assembly would utilize unrestricted general fund balance before tapping the restricted budget reserve, but it is a policy decision for the budget process.

MEMORANDUM

DATE: November 2, 2020

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: **Looking Ahead to FY2022**

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

The level of uncertainty about FY2022 remains exceedingly high. This review uses the final Macro Budget Tool as a starting place.

		FY22
June 2020 Macro Budget Tool	**Projected Budget Surplus/(Draw):**	**$ (11.0)**
	Change in Property Tax Revenue (increase 0.2 mills)	$ 1.1
	CARES Act or FEMA Funding	$ 0.6
	Deappropriation of CIPs	$ 1.5
	Delay of Augustus Brown Pool CIP to FY22	$ (3.3)
	Budgetary Lapse	$ 1.5
	GF Impact of Pending List Added Costs	$ (0.9)
	Budgeted Surplus/(Draw) from Unrestricted Fund Balance:	**$ (10.5)**
Nov 2020 Forecast Changes	Sales Tax Revenue Above/(Below) Forecast	$ (3.8)
	Impact from School Bond Debt Reimb	$ (3.1)
	Support to other non-GF Funds (HBT, MPF, PDF)	$ (1.0)
	Forecast Surplus/(Draw) from Unrestricted Fund Balance:	**$ (18.4)**

While not immediately obvious, the starting Projected Budget (Draw) of $11.0 million already accounts for the majority of the negotiated wage and benefit increases in FY2022. But in order to maintain a status quo level of service, there will also be some other increases to contractual costs relating to the terms of the ongoing contracts which are not yet reflected.

The Macro Budget Tool indicated a number of important policy decisions for the Assembly, including a presumptive increase to the Property Tax Mill Levy in FY2022 and a delay of renovations to the Augustus Brown Pool from FY2021 to FY2022. The final result in the tool also reflected $900,000 annually of ongoing costs from the Assembly's pending list decisions—most significantly $400,000 annually for childcare support and $378,600 annually to the school district outside the cap. The Assembly also signaled in the tool the desire to reduce status quo capital spending by $1.5 million, which will be implemented by Public Works and Engineering as it prepares the FY2021 CIP. Remember, the Assembly will be able to revisit all of these policy decisions during the FY2022 budget review process.

The current update is limited to just a couple of items. The most recent Sales Tax forecast reflects a $3.8 million reduction in Sales Tax revenue in FY2022 from the assumptions during the budget process. Also, it may be prudent to assume that school bond debt will not be reimbursed at all (0% reimbursement). The starting projected draw for FY2022 already assumed a 50% reduction, so a reduction to 0% has a net cost of $3.1 million. Additionally, as detailed in another memo, the Assembly is likely to need to support other non-general funds with general fund subsidies. This $1.0 million is only a placeholder—the final amount could be substantially greater, or it could not be a factor at all if the Assembly chooses to use central treasury loans to use future tax and fee receipts for current obligations.

Taken together, these three changes in this update increase the budgeted $10.5 million deficit to $18.4 million. This would fully deplete unrestricted fund balance and it would reduce the restricted budget reserve from $13.6 million to $7.4 million. A deficit of this magnitude would surely trigger discussions about a minimum to retain in the restricted budget reserve without taking more severe action. This is not a cash-flow or working capital issue for CBJ, because of the sizeable balance of treasury assets in other funds. It is simply an issue of the Assembly's comfort level. Without substantial funds remaining in reserve, the Assembly may find itself unable to rise to a new unforeseen challenge. Additionally, very low levels of reserves will be a warning sign to our creditors if we seek new bond debt.

From any angle, the FY2022 financial outlook looks grim. What is most likely to change this trajectory is additional federal support. Many observers presume that more funds will be made available to states and local governments. Additionally, most observers presume that federal stimulus to businesses and individuals will be substantial after the outcome of the presidential and congressional elections. Federal support to local governments could come in any form, but we would hope that it allows us to replace lost revenue or at least fund emergency services payroll (as with CARES). Such support would offset deficits in either FY2021 or FY2022 or both, and it would diminish how deeply CBJ dips into its financial reserves.

The Manager will offer a recommendation to the Assembly regarding budget direction for the FY2022 Manager's Proposed Budget, which will be introduced by April 5, 2021.

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

DATE: November 4, 2020

TO: Carole Triem, Chair, Assembly Finance Committee

FROM: Rorie Watt, City Manager

RE: FY22 Budget Development Direction

Traditionally, the CBJ Assembly has provided budget direction at its Annual Retreat. Given the uncertainty of the ongoing COVID-19 pandemic on our local economy, I recommend that the Assembly request a status quo budget for FY22 with the budget changes modeled in the Macro Budget Tool in June 2020. Such a budget would incorporate all existing programs and services and any other items the Assembly has determined it should fund. In addition, I would plan to fund the planned personnel services cost increases (1% general wage increase effective on the first day of the first pay period in FY22 and health insurance premium increases) as well as established negotiated increases for contractual services.

Given our revenue projections, I think it very likely that there will be a need for a broad discussion about budget reductions in this fiscal cycle. CBJ operations are running as leanly as possible, even unsustainably in some areas.

Decisions about programs and service reductions would best be accomplished in an Assembly driven conversation. In the past, we have recommended the service prioritization process similar to priority driven budgeting. If the Assembly prefers a different process, we will work with it towards that end. Importantly, the Assembly should embrace the process of its choosing.

CBJ ASSEMBLY FISCAL SUSTAINABILITY
PROGRAM PRIORITY RANKING RESULTS

Assembly member priorities have been averaged into an aggregated ranking. Ranking is from highest priority to lowest priority, meaning that #1 ranking corresponds with highest priority program and the #80 ranking corresponds with the lowest priority program. The level of agreement is noted, which is calculated based based on the standard deviation of the individual rankings. High level of agreement corresponds to a low standard deviaion, while a low level of agreement corresponds to a high standard deviation.

Category #	Prime Program	Sub Program	Category	Rank	Agreement	Assembly Review Notes	FTEs	GF Cost
E - 25	JPD - Patrol Emergency & Non-Emergency	Patrol	Essential	1	High		35.33	$ 4,908,800
E - 14	Fire - Emergency Medical Services & Fire Suppression	None	Essential	2	High		52.30	$ 6,809,100
E - 22	JPD - Dispatch	None	Essential	3	High		16.17	$ 1,282,900
E - 24	JPD - Investigations	Criminal Investigations	Essential	4	High		8.50	$ 1,148,800
E - 21	JPD - General Ops	None	Essential	5	High		7.00	$ 1,959,400
E - 24	JPD - Investigations	Drug Enforcement	Essential	6	High		4.50	$ 691,700
E - 23	JPD - Community Service Programs	None	Essential	7	High		5.34	$ 617,000
E - 15	JSD - Funding from Minimum to Cap	None	Essential	8	Medium		0.00	$ 11,989,300
E - 25	JPD - Patrol Emergency & Non-Emergency	School Resource	Essential	8	Medium		2.00	$ 311,500
C - 10	CIP Support - Schools	None	CIP Support	10	High	Request an accounting of expenditures.; More funding is needed beyond the 1% Sales Tax Funding.	0.00	$ 1,000,000
E - 19	JPD - Records, Evidence, IT, Electronics	None	Essential	10	Medium		11.67	$ 1,442,900
E - 16	Law - Criminal Prosecution	None	Essential	12	Medium	Not going to do this.	4.50	$ 1,054,914
E - 9	Streets - Snow Removal & Street Repair	Snow Removal	Essential	13	High		4.75	$ 352,500
E - 8	Streets - General Ops	General Operations	Essential	14	High		2.91	$ 1,165,806
C - 6	CIP Support - Water	None	CIP Support	15	High		0.00	$ 1,000,000
E - 9	Streets - Snow Removal & Street Repair	Street Repair	Essential	16	Medium		4.75	$ 587,776
C - 9	CIP Support - Fire	None	CIP Support	17	Medium		0.00	$ 250,000
E - 2	Manager's Office - General Ops	None	Essential	18	Medium		4.50	$ 828,400
C - 7	CIP Support - Wastewater	None	CIP Support	19	High		0.00	$ 2,600,000
E - 13	Treasury	Treasurer	Essential	20	Low		4.00	$ 350,931
						TOTAL for 1st Quartile Priorities	**168.22**	**$ 40,351,727**

CBJ ASSEMBLY FISCAL SUSTAINABILITY
PROGRAM PRIORITY RANKING RESULTS

Assembly member priorities have been averaged into an aggregated ranking. Ranking is from highest priority to lowest priority, meaning that #1 ranking corresponds with highest priority program and the #80 ranking corresponds with the lowest priority program. The level of agreement is noted, which is calculated based based on the standard deviation of the individual rankings. High level of agreement corresponds to a low standard deviaion, while a low level of agreement corresponds to a high standard deviation.

Category #	Prime Program	Sub Program	Category	Rank	Agreement	Assembly Review Notes	FTEs	GF Cost
E - 8	Streets - General Ops	Roadway Painting & Street Light	Essential	21	Medium		0.50	$ 295,000
C - 1	CIP Support - Airport	None	CIP Support	22	Medium	High - quit building structures	0.00	$ 300,000
E - 13	Treasury	Collections	Essential	23	Medium		2.00	$ 134,143
E - 12	Sales Tax Office	None	Essential	24	Medium		5.00	$ 322,666
E - 13	Treasury	Cash Office	Essential	25	Low		5.00	$ 275,068
C - 5	CIP Support - Streets	None	CIP Support	26	Medium	Scale down. Would take $1 million if needed	0.00	$ 8,900,000
E - 13	Treasury	Accounts Receivable	Essential	26	Low		2.00	$ 134,143
C - 11	CIP Support - Building Maintenance	None	CIP Support	28	Medium		0.00	$ 1,070,000
E - 7	Engineering Services	Engineering CIP Ops	Essential	29	Medium		14.60	$ 140,000
D - 3	Transit Services	Transit	Discretionary	30	Medium		39.98	$ 4,881,000
E - 8	Streets - General Ops	Equipment Maintenance and	Essential	31	Medium	Replace truck fleet with more inexpensive vehicles.	0.00	$ 1,430,000
E - 7	Engineering Services	Gen Engineering (Reg)	Essential	32	High		3.40	$ 122,500
E - 1	Emergency Programs - General Ops	Emergency Programs	Essential	33	Medium		2.00	$ 165,200
D - 14	Assembly's Support to Childcare (existing support)	None	Discretionary	34	Medium		0.00	$ 572,600
E - 11	RecycleWorks	None	Essential	35	Medium		1.60	$ 300,000
D - 16	Assembly's Support to Childcare (New Support)	None	Discretionary	36	Medium	Scale down. $1M too much.		$ 1,000,000
C - 2	CIP Support - Bartlett Hospital	None	CIP Support	37	Low	All their funding is from large fund balance.	0.00	$
C - 3	CIP Support - Borough-Wide	None	CIP Support	37	Low	Scale down. Limit to maintenance projects only and eliminate funding	0.00	$ 2,412,000
D - 12	Assembly's Social Service Grants	None	Discretionary	39	Medium		0.00	$ 1,674,500
D - 1	Housing & Homeless Services - General Ops	Homeless Coordination	Discretionary	40	Medium		1.00	$ 292,000
						TOTAL for 2nd Quartile Priorities	**77.08**	**$ 24,420,819**

CBJ ASSEMBLY FISCAL SUSTAINABILITY
PROGRAM PRIORITY RANKING RESULTS

Assembly member priorities have been averaged into an aggregated ranking. Ranking is from highest priority to lowest priority, meaning that #1 ranking corresponds with highest priority program and the #80 ranking corresponds with the lowest priority program. The level of agreement is noted, which is calculated based based on the standard deviation of the individual rankings. High level of agreement corresponds to a low standard deviaion, while a low level of agreement corresponds to a high standard deviation.

Category #	Prime Program	Sub Program	Category	Rank	Agreement	Assembly Review Notes	FTEs	GF Cost
D - 2	Teen Health Center	None	Discretionary	**41**	Medium	Are teens using this program?	2.00	$ 255,900
D - 17	Assembly's Support to Better Capital City	None	Discretionary	**42**	Low		0.00	$ 555,000
D - 1	Housing & Homeless Services - General Ops	Housing	Discretionary	**43**	Medium	Progress not being made by funding this program.; Scale down.	1.00	$ 125,000
D - 6	JSD - Funding outside the cap	None	Discretionary	**44**	Low	Eliminate cross town bussing.	0.00	$ 1,376,500
E - 20	JPD - Animal Control (JAR)	None	Essential	**45**	Low	Increase fees	0.00	$ 915,100
E - 10	Street Cleaning & Off-Road Maintenance	Street Cleaning	Essential	**46**	Medium		3.50	$ 363,100
C - 4	CIP Support - Docks & Harbors	None	CIP Support	**47**	Low	Fund with tourism taxes. Have done many projects already.; Earned Money or Passenger Fees.	0.00	$
E - 10	Street Cleaning & Off-Road Maintenance	Off-Road Maintenance	Essential	**48**	Medium		6.00	$ 753,918
E - 4	CDD - Building Inspections, Code Compliance	None	Essential	**49**	Medium		6.00	$ 224,300
E - 18	P&R - Building Mtc - General Ops	None	Essential	**50**	Medium		10.75	$ 2,519,900
E - 6	CDD - Planning & Land Use Code	None	Essential	**51**	Medium	Scale down.	6.00	$ 637,500
E - 3	CDD - Permitting	None	Essential	**52**	Medium	Simplify the permitting process.	8.00	$ 1,018,000
D - 31	ZGYC - Core Youth Center Programs	None	Discretionary	**53**	Medium		8.74	$ 715,000
E - 5	CDD - Long Range Planning	None	Essential	**54**	Medium	Complete current projects and scale down.	4.00	$ 677,400
D - 5	Fire - CARES	None	Discretionary	**55**	Low	May have to adjust system to decrease overall cost.; Eliminate	6.00	$ 800,000
D - 7	Library - General Ops	None	Discretionary	**56**	High		17.42	$ 1,604,998
C - 12	CIP Support - Parks	None	CIP Support	**57**	Medium	Dispose of unused park land to fund other park operations.	0.00	$ 2,800,000
D - 23	Youth Grants & Scholarships	None	Discretionary	**57**	Medium		0.00	$ 344,500
D - 19	Dimond Park Aquatic Center	None	Discretionary	**59**	Medium		15.06	$ 1,177,200
D - 21	P&R - Areawide Rec - General Ops	General Ops	Discretionary	**60**	Medium		2.08	$ 290,200
						TOTAL for 3rd Quartile Priorities	**96.55**	**$ 17,153,516**

CBJ ASSEMBLY FISCAL SUSTAINABILITY
PROGRAM PRIORITY RANKING RESULTS

Assembly member priorities have been averaged into an aggregated ranking. Ranking is from highest priority to lowest priority, meaning that #1 ranking corresponds with highest priority program and the #80 ranking corresponds with the lowest priority program. The level of agreement is noted, which is calculated based based on the standard deviation of the individual rankings. High level of agreement corresponds to a low standard deviaion, while a low level of agreement corresponds to a high standard deviation.

Category #	Prime Program	Sub Program	Category	Rank	Agreement	Assembly Review Notes	FTEs	GF Cost
D - 30	ZGYC - Supplemental Youth Programs	None	Discretionary	61	Medium		3.30	$ 179,500
D - 9	Downtown Library	None	Discretionary	62	High		2.70	$ 283,558
D - 10	Valley Library	None	Discretionary	63	High		3.60	$ 332,284
D - 24	Centennial Hall	None	Discretionary	64	Medium	Funding from Bed Tax.	0.00	$ 664,000
D - 29	Treadwell Ice Arena	None	Discretionary	65	Medium		6.32	$ 278,600
D - 28	Parks Maintenance & Repair	None	Discretionary	66	Medium		7.42	$ 717,400
D - 8	Douglas Library	None	Discretionary	66	High	Add a Douglas Museum Component	1.10	$ 98,260
D - 21	P&R - Areawide Rec - General Ops	Adult Recreation	Discretionary	68	Medium		0.77	$ 19,300
D - 18	Augustus Brown Pool	None	Discretionary	69	Medium	Close.	9.81	$ 905,900
D - 15	Assembly's Other Grants	None	Discretionary	70	Medium	Scale down. TBMP is solid. Review other Grants.	0.00	$ 417,800
D - 26	Parks and Landscape Management	None	Discretionary	71	Medium		3.26	$ 456,000
D - 13	Assembly's Economic/Tourism Grants	None	Discretionary	72	Low		0.00	$ 301,500
D - 11	Museum Services & Public Education	None	Discretionary	73	Medium		3.75	$ 342,500
E - 17	P&R - Downtown Parking	None	Essential	73	Medium	Need single authority (P&R, Harbors, Police).	0.31	$ 100,000
C - 8	CIP Support - Eaglecrest	None	CIP Support	75	High	Scale down. High for snow making equipment. ; $1M subsidy.	0.00	$ 280,000
D - 4	Ski Area Operations	None	Discretionary	76	High	Invest to make profitable.	35.60	$ 725,000
D - 25	Eagle Valley Center	None	Discretionary	77	Medium	Full Cost Recovery.; Sell and/or lease.	0.38	$
D - 20	Arboretum	None	Discretionary	78	Medium	Rentals Increase revenue opportunities. Reversion clause.	1.68	$ 112,300
D - 27	Landscape Maintenance	None	Discretionary	79	High	Contract to a private business.	6.34	$ 414,400
D - 22	Mt Jumbo Gym	None	Discretionary	80	High	$750K Upkeep. Remodel to accommodate childcare and community needs.	0.32	$ 4,900
						TOTAL for 4th Quartile Priorities	**86.66**	**$ 6,633,202**

Presented by: The Manager
Introduced: October 26, 2020
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2020-09(X)

An Ordinance Appropriating $300,000 to the Manager as a Grant to the Alaska Committee to Coordinate and Support Public Accommodations During the 2021 Alaska State Legislative Session; Funding Provided by the General Fund's Fund Balance.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriation. There is appropriated to the Manager the sum of $300,000 as funding for a grant to the Alaska Committee to coordinate and support public accommodations during the 2021 Alaska state legislative sessions.

Section 3. Source of Funds

General Fund's Fund Balance	$300,000

S**ection 4. Effective Date.** This ordinance shall become effective upon adoption.

Adopted this ________ day of ____________, 2020.

____
Beth A. Weldon, Mayor

Attest:

____
Elizabeth J. McEwen, Municipal Clerk

Juneau Community Foundation

July 28, 2020

City Manager Rorie Watt
Teacher Excellence Fund
155 S. Seward Street
Juneau, AK 99801

Enclosed you will find the accounting report for the Teacher Excellence Fund as of June 30, 2020. Also attached is a copy of the June investment statement.

Please keep this information for your records. If you have any questions, please call me at (907) 321-8884 (c), or email me at amy@juneaucf.org.

Sincerely,

Amy

Amy Skilbred
Executive Director

350 North Franklin Street, Suite 4 | Juneau, Alaska 99801
tel: 907.523.5450 | email: info@juneaucf.org | web: www.juneaucf.org

Juneau Community Foundation

Fund Activity Statement

January 1, 2020 to June 30, 2020

Teacher Excellence Fund

Year To Date		
Beginning Fund Balance, January 1, 2020	$	1,256,511.54
Contributions to fund		-
Distributions from fund		(37,967.34)
Dividend/interest income		10,559.28
Realized Gains (Losses)		2,749.47
Unrealized Gains (Losses)		(57,354.72)
Administrative Fees		(7,575.47)
Ending Fund Balance, June 30, 2020	$	1,166,922.76

Inception to Date		
Original Contributions	$	263,439.70
Additional Contributions to fund		738,061.96
Distributions from fund		(64,764.77)
Dividend/interest income		66,095.37
Realized Gains (Losses)		7,204.91
Unrealized Gains (Losses)		196,794.37
Administrative Fees		(39,908.78)
Balance of Fund	$	1,166,922.76

This statement reflects the fund's current market value and includes

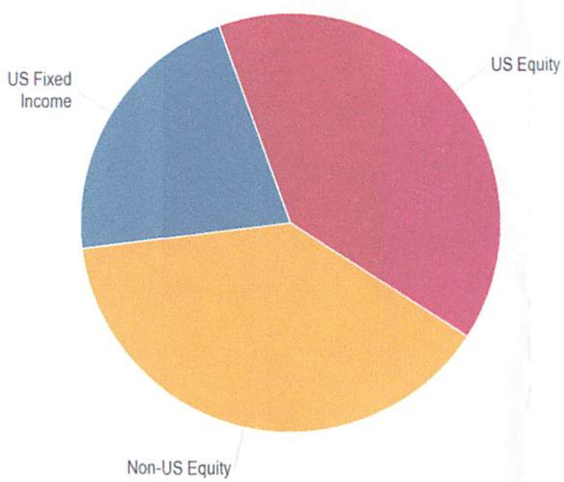
Total Portfolio Performance & Asset Allocation

Performance Summary ending June 30, 2020

	Market Value ($)	2020 Q2 (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
JUNEAU COMMUNITY FOUNDATION VANGUARD ONLY	**60,849,755**	**15.97**	**-3.51**	**3.52**	**5.84**	**6.06**	--	**5.90**	**Sep-14**
JUNEAU COMMUNITY FOUNDATION VANGUARD ONLY (Net)		**15.95**	**-3.55**	**3.43**	**5.74**	**5.96**	--	**5.80**	
Composite Benchmark		15.13	-3.82	3.09	5.78	5.92	--	5.71	Sep-14

- Composite Benchmark = 38% Dow Jones U.S. Total Stock Market / 38% MSCI ACWI ex USA / 24% Spliced Bloomberg Barclays US Aggregate Float Adjusted Index

Current Allocation as of June 30, 2020



	Current $	Current %	Policy	Difference*
US Equity	$24,137,666	39.7%	38.0%	1.7%
Non-US Equity	$23,700,141	38.9%	38.0%	0.9%
US Fixed Income	$13,011,948	21.4%	24.0%	-2.6%
Total	**$60,849,755**	**100.0%**	**100.0%**	

*Difference between Policy and Current Allocation

Gross of Advisory Fee returns reflect the deduction of fund expense ratios and any other security-level expenses.
Net of Fee returns reflect the deduction of fund expense ratios, any purchase or redemption fees, and VIAS advisory fee applied to the client portfolio.
Returns greater than one year represent annualized returns. Returns less than one year represent cumulative returns.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City and Borough of Juneau
Alaska

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Sam Muse

Controller

City and Borough of Juneau, Alaska

The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the department or individual designated as instrumental in the government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Christopher P. Morrill

Date: 9/23/2020

1873 Shell Simmons Dr., Suite 200, Juneau, AK 99801 / (907) 789-7821

TO: CBJ Assembly Finance Committee

FROM: Patty Wahto, Airport Manager *p wahto*

DATE: October 26, 2020

RE: Juneau International Airport (JNU) Terminal Reconstruction Project Funding Update

Funding Update: Terminal Reconstruction Project $24M (est. $17.2M Construction; $4.3M other contracts/contract administration, $2.5M contingency/other). The project reconstructs portions of the terminal that were constructed prior to 1984. Approximately 37,000 sf of building area will be demolished, along with 4,500 sf of exterior canopy. Reconstructed (new) areas and interior remodel area will total approximately 35,000 sf. The scope addresses code deficiencies, replace infrastructure (elevator/escalator, security systems, mechanical and electrical systems), improve energy efficiency, increase flexibility and adaptability of interior spaces for airport administration, and improve passenger services. The functions of new spaces include: small regional carriers passenger operations, Airport Administration offices (including Airport Police), FAA - Air Traffic Control Tower offices and equipment spaces, TSA Break Room, US Customs & Border Protection processing, restrooms, storage, up escalator, two elevators and terminal mechanical space. The project total is $24M, plus bond fees/interest. Most funding for the project is from federal sources.

JNU worked with CBJ Finance for the bonding and financing plan. Bonds (both 2012 CBJ General Obligation bonds and Juneau Airport Revenue bonds) were sold in October 2019 so the project had the necessary funding in place to go out to bid. The project required revenue bonds to facilitate the project's cash flow needs until JNU received multi-year Federal Aviation Administration (FAA) Airport Improvement Program (AIP) entitlement grants programmed for FFY20-23. The construction bid was awarded to Dawson Construction following the special January 15, 2020 Assembly meeting; construction began in February 2020. This project is scheduled to be complete by December 2021.

The terminal project has been in planning since 2005, and in design for this phase since January 2018. While this project phase is estimated at $24M, FAA does not allow certain costs (contingency) figured into the grant application, so for grant calculations this is considered a $21.5M project. Furthermore, based on federal space usage criteria, the federal eligibility was established at 71.6% (or $15.4M), and 28.4% (or $8.6M) for the ineligible share. The federally eligible portion is then further broken down to FAA participation of 93.75%. This calculates to $14,430,000 eligible for FAA participation. While this is the amount eligible for FAA AIP funding, JNU had planned for four years (FFY20-23) of FAA AIP *entitlement* dollars (an estimated $11.8M disbursed over four years), with the balance of eligible costs to be paid through Passenger Facility Charge (PFC).

JNU enplanements have teetered between being categorized as a non-hub and small hub airport for the past several years. The rules for eligibility differ between the two types of hubs. For projects like the terminal, it means that a small hub may only use FAA annual AIP *entitlements* funds. JNU was a small hub at the time of design and planned to use only entitlements, hence the four-year AIP funding plan. However, based on national enplanement numbers, JNU became a non-hub airport for FFY20 grant calculations. This meant that JNU qualified for AIP *discretionary* funds as well as the annual AIP entitlement funds in FFY20. Airport terminals categorized as 'lower priority' on the NPIAS[1] (compared to runways, taxiways etc), so while JNU airport was qualified, JNU had to wait to see what 'leftover' discretionary funds could fund this project in FFY20. FAA Airports Division (Alaska) was able to find 'residual' discretionary funds from FFY19 and FFY20 that could be combined to fund the terminal project for the full federally-eligible amount in one grant year (FFY20). Additionally, Congress' CARES Act Bill included that any FFY20 AIP grant funding would be funded at 100% of the eligible costs, rather than the normal 93.75%. This meant that one of JNU's two grants, $6,847,402 (FFY20) was funded at 100%, and the other $8,010,825 (FFY19 funds) grant was funded at 93.75% and required a financial match.

JNU was awarded the two FAA AIP grants totaling $14,858,227 in September (FFY20). JNU was also approved for collection of (up to) $5.9M in Passenger Facility Charges (PFCs) for the terminal project. PFC funding is used as a project funding source (eligible portions of project), as well as grant match and revenue bond interest/fees.

Funding Breakdown:

$14,850,000	FAA AIP grants, *rounded* (forward funded from Airport Revenue bonds)
$ 5,950,000	GO Bond
$ 2,100,000	PFCs[2] (JNU authorized to collect up to $5.9M; PFCs considered a 'federal source')
$ 800,000	Airport
$ 300,000	CBJ Sales Tax
$24,000,000	Total

This is a very simplistic breakdown of the funding picture, but it provides an update based on the receipt of FAA AIP funding in one grant year. The larger AIP grant means less PFC funds are required for the project, and the CARES Act match means less PFC is required for grant match. This is a boon for JNU with enplanements being markedly down (source of PFC funds) due to COVID-19. The full funding in a single year also means subsequent projects can move up on JNU's Capital Improvement Project list.

[1] National Plan of Integrated Airport Systems
[2] Airport Revenue bonds interest and fees are a separate calculation and PFC eligible.

Ordinance 2020-09(H)
Manager's Report

An Ordinance Appropriating to the Manager the Sum of $14,858,227 as Funding for the Juneau International Airport's Terminal Construction Revenue Bond Debt; Funding Provided by the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) Grant.

This ordinance would appropriate $14,858,227 in FAA grant funding to service the Airport's terminal construction revenue bond debt obligation. Revenue bonds were issued to fund construction costs at the commencement of the project, as federal funding was not available at that time. It was the intent to service the bond debt with Airport Improvement Program (AIP) and Passenger Facility Charge (PFC) revenue. FAA has now awarded two AIP grants for this purpose. The funds appropriated with this ordinance will be reserved to repay the revenue bond debt associated with the capital improvement project. Matching funds are provided by PFC revenue in the amount $534,055, which has been previously appropriated with Ordinance 2019-06(G).

The Airport Board approved this request at their October 8, 2020 meeting. The Public Works & Facilities Committee will review this request at their November 9, 2020 meeting.

Presented by: The Manager
Introduced: October 26, 2020
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2020-09(H)

An Ordinance Appropriating to the Manager the Sum of $14,858,227 as Funding for the Juneau International Airport's Terminal Construction Revenue Bond Debt; Funding Provided by the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) Grant.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriation. There is appropriated to the Manager the sum of $14,858,227 as Funding for the Juneau International Airport's Terminal Construction Revenue Bond Debt.

Section 3. Source of Funds

Federal Aviation Administration AIP Grant: $ 14,858,227

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this ________ day of ____________, 2020.

____
Beth A. Weldon, Mayor

Attest:

____
Elizabeth J. McEwen, Municipal Clerk

Sales Tax Actuals, Projection, and Forecast
Updated 11.4.2020

Sales Tax	Q1 July - Sept $$	Q1 %↕	Q2 Oct - Dec $$	Q2 %↕	Q3 Jan - March $$	Q3 %↕	Q4 April - June $$	Q4 %↕	Annual Rmt ST $$	Total $$	Total %↕
FY2016 Actuals	$ 14.6		$ 10.0		$ 8.8		$ 12.2		$ -	**$ 45.6**	
FY2017 Actuals	$ 15.9	8.9%	$ 9.3	-7.0%	$ 8.6	-2.3%	$ 12.7	4.1%	$ -	**$ 46.5**	**2.0%**
FY2018 Actuals	$ 16.0	0.6%	$ 10.2	9.7%	$ 8.7	1.2%	$ 13.2	3.9%	$ -	**$ 48.1**	**3.4%**
FY2019 Actuals	$ 16.8	5.0%	$ 10.3	1.0%	$ 9.2	5.7%	$ 14.1	6.8%	$ -	**$ 50.4**	**4.8%**
FY2020 Projected	$ 17.1	1.8%	$ 11.2	8.7%	$ 7.5	-18.5%	$ 7.0	-50.4%	$ 0.2	**$ 43.0**	**-14.7%**
FY2020 Actuals	$ 17.1	1.8%	$ 11.2	8.7%	$ 8.8	-4.3%	$ 9.5	-32.6%	$ 0.2	**$ 46.8**	**-7.1%**
Over/(Under) Proj	$ -		$ -		$ 1.3		$ 2.5		$ 0.0	**$ 3.8**	
FY2021 Budget	$ 11.1	-35.1%	$ 9.0	-19.6%	$ 8.6	-2.3%	$ 12.0	26.3%	$ 1.2	**$ 41.9**	**-10.5%**
FY2021 Actuals/Proj	$ 9.1	-46.8%	$ 8.5	-24.1%	$ 8.5	-3.4%	$ 10.0	5.3%	$ 1.2	**$ 37.3**	**-20.3%**
Over/(Under) Proj	$ (2.0)		$ (0.5)		$ (0.1)		$ (2.0)		$ -	**$ (4.6)**	
FY2022 Budget	$ 15.0	35.1%	$ 10.3	14.4%	$ 9.0	4.7%	$ 13.0	8.3%	$ 1.5	**$ 48.8**	**16.5%**
FY2022 Forecast	$ 12.0	31.9%	$ 10.3	21.2%	$ 9.0	5.9%	$ 12.2	22.0%	$ 1.5	**$ 45.0**	**20.6%**
Over/(Under) Proj	$ (3.0)		$ -		$ -		$ (0.8)		$ -	**$ (3.8)**	

FY2020 Remote Sales Tax

FY20 Q3	March	$ 8,608
FY20 Q4	April	$ 59,622
	May	$ 71,410
	June	$ 86,952
Total FY2020 Remote Sales Tax		$ 226,592

FY2021 Remote Sales Tax

FY21 Q1	July	$ 93,529
	August	$ 99,659
	Sept	$ 95,452
YTD FY2021 Remote Sales Tax		$ 288,640

Estimates assume 300-500k passengers in Summer 2021 and 500k-1M passengers in Summer 2022