City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Zoom Webinar & Facebook Live Stream
Wednesday, September 2, 2020

I. CALL TO ORDER

The AFC meeting was called to order at 7:00 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; Bridget Weiss, Juneau School District (JSD) Superintendent; Brian Holst, JSD School Board President; Sarah Jahn, JSD Administrative Services Director

Others Present Virtually: None

III. APPROVAL OF MINUTES

a. The August 5, 2020 minutes were approved as presented.

IV. ITEMS FOR ACTION

a. **Ordinances: CBJ and JSD CARES Act FY20 Supplemental Appropriations**

Mr. Rogers presented Ordinance 2019-06(AN), an ordinance that would appropriate to the Manager the sum of $8,350,000 as funding for the CBJ's FY20 COVID-19 related costs. Funding is provided by federal and state revenue. State revenue from the Department of Health and Social Services (DHSS) is provided to cover screening costs at the Juneau International Airport. Federal revenue is comprised of CARES Act and FEMA funding, and is expected to be allocated to help cover personnel, PPE and workplace modification costs that were incurred as a result of CBJ's COVID-19 response. Mr. Rogers noted that CBJ is still waiting on a FEMA reimbursement.

<u>Motion</u>: by Mayor Weldon to forward Ordinance 2019-06(AN) to the full Assembly for introduction and public hearing.

No objections, motion passed unanimously.

Mr. Rogers presented Ordinance 2019-07(B), an ordinance that would appropriate $1,015,700 for the Juneau School District's FY20 COVID-19 related costs. Funding is provided by federal revenue, state revenue, and miscellaneous donations. The state revenue is from DHSS to cover childcare costs. Federal revenue is comprised of pass-through funding from the Department of Education and Early Development (DEED) for contact tracing costs, JSD CARES Act funding, and CBJ CARES Act and FEMA funding. Mr. Rogers drew the Committee's attention to the allocation table on page 10 of the AFC meeting packet.

Mr. Rogers and Ms. Jahn responded to committee questions.

<u>Motion</u>: by Ms. Triem that Ordinance 2019-07(B) be forwarded to the full Assembly for introduction and public hearing.

No objections, motion passed unanimously.

b. **School District FY21 CARES Act Funding Request**

Mr. Rogers presented a memo from JSD Superintendent Weiss requesting that the Assembly approve a supplemental appropriation request of $949,000 for JSD's FY21 COVID-19 related costs. Of this amount, $925,000 would be covered by JSD's CARES Act grant, and $24,000 is provided by DEED for contact tracing costs.

Mr. Rogers responded to committee questions.

<u>Motion</u>: by Mayor Weldon for the Finance Committee to direct staff to draft an appropriating ordinance for $949,000 using JSD CARES Act funding for JSD's FY21 budget and move it to the full Assembly for introduction and public hearing.

No objections, motion passed unanimously.

Mr. Smith referenced the memo from JSD on packet page twelve, inquiring if someone from the School District could speak more to what the FY20 DHSS funding for childcare and the FY21 request for funding from CBJ to support RALLY operations would go toward and asked for further clarification on how many children the program would be able to care for.

Ms. Jahn clarified that the $550,000 received in FY20 from DHSS was funding that was also received by many childcare facilities across the state to help those centers either maintain operations or maintain and retain staff during periods of closure during the spring due to COVID-19. JSD's request for CBJ funding support for FY21 RALLY operations would help cover average payroll costs of $140,000 a month for current RALLY staff. This funding would support the childcare needs of the community through RALLY as an already-established and licensed program. RALLY would need to assess a fee of $310 per week for families participating in the program; this is an expense that most families cannot afford. JSD is looking for ways to offset that cost so that they can provide a viable childcare option to the community.

Mr. Smith asked if there were any State subsidy programs that might reduce the cost of personnel and thus reduce the cost that RALLY would charge to families.

Ms. Jahn responded that there are agency subsidies available through Tlingit and Haida and DHSS, but those programs require families to apply for assistance and the amount that they receive is limited to approximately $220 per month. If JSD receives support from CBJ's CARES Act funding for RALLY, the fee would be further subsidized or eliminated for families. The program as it is structured now would be able to support 126 students with the potential to expand to 252 students in the future.

Ms. Jahn and Ms. Weiss responded to committee questions.

<u>Motion</u>: by Ms. Hughes-Skandijs to remove the FY21 JSD CARES RALLY portion of $560,000 from the funding request total and address it at a later time when the issue of childcare is discussed.

Objection by Mr. Edwardson; who stated that if the Assembly granted expenditure authority for RALLY, they could not then move $560,000 to other childcare programs that are being discussed.

Chair Jones clarified that this funding is CARES Act money. RALLY is an eligible applicant, as are other childcare providers. If the AFC moves this consideration to the broader childcare discussion, and the Assembly decides that this $560,000 from CARES Act funding is better spent on broader community childcare, then the money could be redirected that way.

Mr. Edwardson removed his objection.

No objections, motion passed unanimously.

Ms. Jahn and Ms. Weiss responded to additional committee questions.

<u>Motion</u>: by Mayor Weldon to draft an emergency appropriation ordinance for the FY21 JSD CARES Act funding request in the amount of $700,000 (omitting the $560,000 request for RALLY) to the full Assembly in order to get the funds disbursed to the School District more quickly.

No objections, motion passed unanimously.

The meeting recessed at 7:58 PM.
The meeting reconvened at 8:11 PM.

c. **Ordinance: Mandatory Real Estate Disclosure**

Mr. Rogers presented a memo to the Committee on the State of Alaska's real estate disclosure law, affirming that the State of Alaska does not require mandatory disclosure of sales prices for real estate transactions; however, it also does not restrict or preclude home rule municipalities from enacting an ordinance requiring mandatory disclosure. Mandatory disclosure increases the amount of information available to the Assessor and the general public; increased information would lead to more accurate and equitable property assessments.

Mr. Rogers recommended that the AFC direct staff to draft an ordinance requiring mandatory disclosure of the sales price of real estate transactions for further consideration by the Assembly and the public.

Mr. Rogers and Mr. Palmer responded to committee questions.

Ms. Triem requested that Mr. Palmer include siblings in the exemptions on page two of the ordinance.

<u>Motion</u>: by Ms. Hale to move the ordinance for mandatory real estate disclosure to the full Assembly for introduction and public hearing.

Mayor Weldon objected, stating that the sales price of real estate is much more complicated than solely the value of the structure itself.

<u>Roll call vote:</u>
Ayes: Gladziszewski, Hale, Hughes-Skandijs, Jones, Smith, Triem
Nays: Bryson, Edwardson, Weldon

Absent: None
Motion passed 6/3.

d. **Ordinance: Repeal On-Board Sales Tax Exemption**

Mr. Rogers presented a draft ordinance to the Committee that would repeal on-board sales tax exemptions for cruise ships. If enacted, the ordinance would not take place until January 1, 2022. Mr. Rogers stated that the effective date is intended as a good faith effort to work with the cruise ship industry given that it will take time to implement the ordinance.

Mr. Rogers responded to committee questions.

<u>Motion</u>: by Mayor Weldon to move the amendment of the Uniform Sales Tax Code to Repeal a Tax Exemption for the Sale of Goods Aboard Cruise Ships Ordinance to the full Assembly for introduction and public hearing.

Mr. Bryson objected, stating that Alaska is going to be competing with the world to get cruise passengers back; this ordinance would send an anti-cruise message to the cruise ship industry for not very much gain.

<u>Roll call votes:</u>
Ayes: Gladziszewski, Hale, Hughes-Skandijs, Jones, Smith, Triem, Weldon
Nays: Bryson, Edwardson

Absent: None
Motion passed 7/2.

The meeting recessed at 8:59 PM.
The meeting reconvened at 9:04 PM.

e. **Glory Hall, United Human Services, and Sealaska Project Funding Requests**

Mr. Rogers presented a memo to the Committee outlining recent requests to fund community infrastructure projects, including:

- $2,300,000 – request from The Glory Hall (TGH) for its planned sheltering facility in the Mendenhall Valley
- $1,100,000 – request from United Human Services of SE Alaska (UHS) for its planned Southeast Community Services Center in the Mendenhall Valley
- $1,500,000 – request from Sealaska Heritage Institute (SHI) for its planned arts campus project downtown

Mr. Rogers explained that the Assembly's consideration and potential action is backgrounded by an exceptionally high level of financial uncertainty. However, some levels of uncertainty will diminish in the coming months.

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Chair Jones stated that the AFC meeting on November 4, 2020 will give the Committee more information about how the first quarter of FY21 is looking. Chair Jones added that these organizations are also looking to Rasmuson Foundation for financial sponsorship.

Mr. Bryson spoke in favor of funding the projects, stating that this would be an infrastructure investment in the Juneau community.

Mr. Edwardson also spoke in favor of the projects, and asked that these requests be introduced at the next full Assembly meeting as three separate draft ordinances.

The Committee discussed the funding requests.

<u>Motion</u>: by Ms. Hale to have staff draft an ordinance for $2,300,000 for TGH project and forward it to the full Assembly for introduction and public hearing, and hold the UHS and SHI requests.

Objection by Mr. Edwardson for the purpose of an amendment.

<u>Amendment</u>: by Mr. Edwardson to remove the clause to postpone the funding requests from UHS and SHI.

Objection by Ms. Hale, who stated that each one of these requests requires serious consideration and each request is a considerable sum of money.

Mr. Edwardson clarified that moving these requests forward as draft ordinances would not commit funds to the projects immediately. If the draft ordinances for these projects get introduced, they can be referred to a committee before public comment; there is flexibility in what can be done with the ordinances once introduced.

Ms. Hale removed her objection.

<u>Roll call vote:</u>
Ayes: Bryson, Edwardson, Jones, Weldon
Nays: Gladziszewski, Hale, Hughes-Skandijs, Smith, Triem

Absent: None
Amendment to the motion fails 4/5.

Ms. Hale withdrew her original motion for the purpose of making a new motion.

<u>New Motion</u>: by Ms. Hale to direct staff to draft and introduce an ordinance for $2,300,000 for TGH project at the next regular Assembly meeting, and draft ordinances for the other two project requests and bring them back before the Assembly Finance Committee.

Mayor Weldon objected, stating that these projects should be split into three motions and, further, that if these projects aren't funded by the City, they will be taken away from Rasmuson funds this fall.

<u>Roll call vote:</u>
Ayes: Bryson, Edwardson, Gladziszewski, Hale, Hughes-Skandijs, Smith, Triem
Nays: Jones, Weldon

Absent: None
Motion passes 7/2.

V. INFORMATION ITEMS

a. Staff Update on FY20 Financial Closing and Lapse

Mr. Rogers presented a memo on CBJ's FY20 financial closing and expenditure authority lapse, stating that at the end of the FY21 budget process, there was an anticipated draw of $1,360,000 from fund balance for FY20. Due to a number of factors, there was actually a net contribution of almost $1,000,000 to fund balance. That contribution was enabled in large part because of CARES Act funding support. The ending fund balance from general funds and sales tax (restricted and unrestricted) is expected to be approximately $36,000,000.

b. Staff Update on FY20 Hotel, Liquor, Tobacco, and Marijuana Tax Receipts

Mr. Rogers stated that hotel bed tax revenues are grim and will continue to be grim in the coming months. Tobacco, liquor, and marijuana taxes came in either right at or higher than what was predicted.

c. Staff Update on FY21 CIP Appropriation for CBJ Phone System

Mr. Rogers stated that the CBJ will be moving forward with an appropriation to replace the majority of CBJ's aged phone system. There will be considerable operational savings that come with the upgrade.

d. **Staff Update on Suspension of Payroll Taxes**

Mr. Rogers stated that the memo he wrote on Friday in response to President Trump's executive memo regarding the deferral of payroll taxes is now out of date. The Finance Department has been counseled by the Department of Law that the implementation of the deferral of payroll taxes is discretionary. As such, CBJ will not be implementing a deferral of payroll taxes.

e. **Staff Update on Reorganization of Treasury and Sales Tax Divisions**

Mr. Rogers described a structural reorganization that merges the sales tax division into the treasury division. The CBJ's Sales Tax Administrator, in a new role with a new title, will report to the CBJ Treasurer and will direct all of CBJ's billing, collections, and sales tax efforts.

f. **Staff Update on FY20 Investment Performance**

Mr. Rogers brought the Committee's attention to CBJ's FY20 investment performance attribution report on packet page 160. CBJ's new investment manager, Insight Investment, is continuing to actively manage CBJ's portfolio in a way that is returning positive results.

<u>Motion</u>: by Mr. Smith to have the Finance Director obtain information from the investment firm about eliminating fossil fuels from CBJ's portfolio.

No objections, motion passed unanimously.

VI. NEXT MEETING DATE

a. Wednesday, November 4, 2020

VII. ADJOURNMENT

The meeting was adjourned at 10:00 PM.