City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Zoom Webinar & Facebook Live Stream
Wednesday, August 5, 2020

I. CALL TO ORDER

The AFC meeting was called to order at 5:31 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

Others Present Virtually: Linda Thomas, Economic Stabilization Task Force Co-Chair; Lauren MacVay, Economic Stabilization Task Force Member; Joy Lyon, Association for the Education of Young Children (AEYC) Executive Director

III. APPROVAL OF MINUTES

a. The July 23, 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 stated that current draft legislation in Congress relating to the Coronavirus Relief Fund includes provisions that would allow local governments to allocate up to 25% of their CARES Act funding distribution to replace lost revenue. Mr. Rogers presented a second pie chart showing the impact of allocating 25% of the distribution of funds to revenue replacement for the Assembly's consideration. He explained that if the legislation were to pass in Congress, the Committee could either choose to continue with their current strategy of allocating the funds, or allow for the 25% allocation towards revenue replacement. If the Committee chose the latter, they could still proceed with using the funding for COVID-related programs or costs, but would not be restricted by the expenditure eligibility requirements that are currently in place under the CARES Act.

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

b. **FY20 Financial Status Update**

Mr. Rogers brought the Committee's attention to the memo on packet page 7. Mr. Rogers explained that the lapse in budgeted expenditure authority was more significant than anticipated, close to $2-2.5 million, further noting that this figure does not reflect the amount of general funds saved or offset with CARES Act funding. Revenue gained from sales tax was better than anticipated.

Mr. Rogers confirmed that CBJ did not receive Supplemental Emergency Medical Transport (SEMT) Medicaid reimbursement for FY20, but that we're on track to receive it in FY21.

Mr. Rogers responded to committee questions.

c. **Centennial Hall PERS Past Service Liability**

Mr. Rogers presented two draft ordinances relating to the Centennial Hall Public Employees' Retirement System (PERS) past service liability. He explained that in 2018, management of Centennial Hall was transitioned from CBJ to the Juneau Arts and Humanities Council (JAHC). As a result of this transition, five Centennial Hall employees were terminated from PERS. Based on a termination study conducted by the State of Alaska, CBJ is liable for an ongoing indebtedness obligation of approximately $50,000 per fiscal year until CBJ's PERS unfunded pension liability has been fully paid off, an estimated 30 to 40 years, dependent on market conditions. In an ordinary year, funding for the ongoing indebtedness fees would be provided from hotel bed tax receipts or the Hotel Bed Tax Fund's fund balance. However, the residual balance of the Hotel Bed Tax Fund in FY20 and FY21 has been fully depleted in light of highly diminished hotel bed tax receipts. Mr. Rogers stated that the FY19, FY20, and FY21 payments would be covered with general funds, with the intention of funding all future ongoing indebtedness fees with hotel bed tax receipts.

Mr. Rogers responded to committee questions.

Ms. Cosgrove clarified that the provision is triggered when there is either a classification that is eliminated from the workforce; when over 50% of the employees in a single job classification are terminated; or if a group of employees are removed from a certain status type. In this case, two job classifications specific to Centennial Hall were eliminated, which prompted the termination study.

<u>Motion</u>: by Mayor Weldon to move Ordinance 2019-06(AL) to the full Assembly.

No objection, motion passed unanimously.

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

No objection, motion passed unanimously.

V. ITEMS FOR ACTION

a. **FY21 AEYC Hearts Program and CARES Childcare Grant Update**

Ms. Cosgrove presented a memo to the Committee requesting AEYC be allowed to carryover their unspent FY20 grant award funds for the purpose of developing a training program for a childcare workforce.

<u>Motion</u>: by Mayor Weldon to allow carryover of unspent FY20 grant funds for AEYC to be spent in FY21.

No objections, motion passed unanimously.

Ms. Cosgrove stated that Ms. Lyon, AEYC Executive Director, has provided an update of the distribution of funds thus far under the Emergency Childcare Grant. AEYC is seeking permission to work with staff to come up with a methodology for distributing the remaining funds of the CARES CBJ Emergency Childcare Grant.

Ms. Cosgrove and Ms. Lyon responded to committee questions.

<u>Motion</u>: by Mayor Weldon to authorize the Manager's Office to work on the distribution mechanism of the CBJ CARES Emergency Childcare Grant.

No objections, motion passed unanimously.

b. **Ordinance 2020-37: An Ordinance Appropriating up to $500,000 to the Manager for a COVID-19 Business Safety Program; Funding provided by the CARES Act Special Revenue Fund.**

Mr. Rogers explained that this ordinance is intended to provide support to local businesses who incur expenditures for Personal Protective Equipment (PPE) and workspace modifications. Mr. Rogers asked Ms. MacVay to speak to the intent of the funding.

Ms. MacVay stated that this grant proposal was put together to address the financial gap that businesses are experiencing from investing in PPE which they would not have the opportunity to offset using other avenues.

Ms. MacVay responded to committee questions.

Ms. Triem stated that she would like to withdraw this ordinance from further consideration, as CBJ's mask mandate has achieved the public health goal that these funds were intended to accomplish.

Motion: by Ms. Triem to withdraw Ordinance 2020-37 for the Business Safety Program.

No objections, the motion passed unanimously.

c. **Ordinance 2020-43: An Ordinance Appropriating up to $500,000 to the Manager for a COVID-19 Juneau ArtWorks Grant Program; Funding provided by the CARES Act Special Revenue Fund.**

Mr. Rogers explained that the ArtWorks Grant Program is intended to fund the creation of artworks that would become public property. CBJ would commission artists who are disadvantaged as a result of the pandemic. Mr. Rogers asked Ms. Hale if she would speak more on the topic.

Ms. Hale stated that artists are often disadvantaged, even in normal times. They do not pay unemployment benefits so they cannot receive them. The added benefit of this program is that the CBJ and residents will receive actual artworks that will commemorate current times.

Ms. Hale proposed an amendment to the ordinance to change the language in the body of the legislation to reflect the grant award amount as $300,000 instead of $500,000, but leave the title intact. This would allow the program to be established using $300,000, and if additional funding was needed in the future, it would already be appropriated up to $500,000.

Motion: by Ms. Hale to change the language in the body of Ordinance 2020-43 so that the Manager's Office receives $300,000 instead of $500,000.

Objection: by Mr. Bryson, who spoke in favor of the original program amount; his objection was later removed.

No objection, motion passed unanimously.

Motion: by Ms. Hale to move Ordinance 2020-43 as amended to the full Assembly for consideration.

No objections, motion passed unanimously.

VI. ITEMS FOR DISCUSSION

a. **Fall/Winter AFC Topics for Consideration**

Mr. Rogers presented a memo listing potential AFC topics for consideration for the fall and winter period. These topics have been held over from AFC proceedings prior to the FY21 budget process and COVID-19 pandemic, and included the following: sales tax rates and exemptions, mandatory disclosure of real estate pricing, and Assembly compensation.

Committee members discussed their interest in taking up these topics for consideration, but did not make any final decisions on which topics may be brought back to the Committee for discussion.

VII. NEXT MEETING DATE

a. Wednesday, September 2nd, 2020

VIII. ADJOURNMENT

The meeting was adjourned at 7:25 PM.