City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, May 27, 2020, 5:00 PM

I. Call to Order

The AFC meeting was called to order at 5:00 PM by Loren Jones, Chair.

II. Roll Call

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

Committee Members Absent**:** None.

Staff Present Virtually: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst; Robert Palmer, City Attorney; Katie Koester, Public Works Director; John Bohan, Chief CIP Engineer; Dave Scanlan, Eaglecrest General Manager.

Others Present Virtually: Liz Perry, President/CEO, Travel Juneau; Kathleen Harper, Juneau Arts and Humanities Council, Centennial Hall House Manager; Midgi Moore, Owner, Juneau Food Tours; Nancy DeCherney, Juneau Arts and Humanities Council, Executive Director.

III. APPROVAL OF MINUTES

a. The May 20, 2020 minutes were approved as presented.

IV. CONTINUATION OF PENDING ITEMS

a. **Update on COVID-19 Response**

Mila Cosgrove, Deputy City Manager, presented the most recent EOC report and gave an update on COVID-19 cases and response in Juneau. There are currently no new cases today, one additional recovered case identified. One of the newer reported cases recovered, falling off the active case tally. Reported contact tracing capability is at full capacity. Test supplies remain adequate and efforts are continued to work on standing up local testing capability – a medium to long term project. The EOC is working on improving test turnaround time with better coordination with flight schedules and the labs. All of the tests from the sheltered populations came back with no positive test cases. Centennial Hall operations will be stood down for the time being.

Senator Sullivan focused on Washington, DC efforts while addressing the EOC at today's meeting. He talked about the CARES Act and some of the funding pieces that they put in place.

Testing numbers continue to go up as the volume of testing is dramatically increasing.

Ms. Cosgrove responded to committee questions.

b. **Macro Budget Tool**

Mr. Rogers, Finance Director, gave an update on the manager's FY21 Proposed Budget and Macro Budget Tool (MBT). This tool has been updated with current information and is presented as a tool to aid the committee in working through final FY21 budget decisions.

The pending list is now included as a secondary tab in the document, allowing approval or disapproval of pending items to populate into the MBT to determine the impacts on balancing the budget.

V. ITEMS FOR ACTION

a. **Pending List**

Facilities Maintenance

Mr. Watt, City Manager, discussed that the funding increment to the Facilities Maintenance Group would primarily be used to hire small dollar private contractors to do jobs like painting, ceiling work, power washing, and striping of lots, things that they are unable to do with the existing workforce. Primarily, 70 percent of the request would be used to hire small business contractors, the other 30 percent would be used for commodities to support CBJ maintenance staff. Generally, goods are bought locally.

Mr. Watt stated the request serves a couple purposes, one, it offsets the capital improvement plan reductions a small amount and two, it provides for the local economy through awarding small business contracts and procuring materials locally.

Mr. Watt responded to committee questions.

Motion: by Mayor Weldon to move the Facilities Maintenance increment request to the budget and amend the amount to $90,000.

Objection: by Mr. Edwardson who stated that City staff can manage for at least a year without the additional funding.

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

Absent: None.
Motion failed.

AHF Support

Mr. Rogers explained that the AHF Support increment request, if approved, would grant authority to Mr. Ciambor, CBJ Chief Housing Officer, to administer a grant program in the amount of $525,400 for affordable housing grants from the Affordable Housing Fund. The Fund receives a $400,000 allocation each year from the 1% temporary sales tax. This allocation was voter-approved, but Mr. Rogers explained that the Assembly has the legal authority to spend the funds as they deem appropriate. If the request is not approved, the funds would still be allocated to the Affordable Housing Fund, and could be used for a different purpose in the future.

Mr. Rogers responded to committee questions.

<u>Motion</u>: by Ms. Triem to move the $525,400 AHF Support increment request to the FY21 budget.

<u>Objection</u>: by Mayor Weldon, stating that she would not appropriate the funds for a grant program at this time, just in case CBJ needs the funds at a later date.

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

Absent: None.
Motion failed.

<u>Motion:</u> by Mr. Bryson to remove the $400,000 1% temporary sales tax allocation from the Affordable Housing Fund on the FY21 Capital Improvement Plan.

<u>Objection: by Ms. Hale.</u>

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

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Absent: None.
Motion failed.

Sealaska Heritage

This increment request was withdrawn from the FY21 budget. Sealaska Heritage submitted a request to the Assembly to provide a letter stating their support for the project and that CBJ would consider future funding requests. This letter could aid Sealaska Heritage in securing other donors for the project.

<u>Motion:</u> by Mr. Edwardson to move that the mayor and city manager work with Sealaska Heritage Institute to draft a letter appropriate for them and potential donors expressing support for later requests for funding.

No objection, motion passed unanimously.

The meeting recessed at 6:05 PM.
The meeting reconvened at 6:15 PM.

Childcare

<u>Motion</u>: by Mr. Gladziszewski to move the $400,000 Childcare request to the budget for the remainder of calendar year 2020, and asked for unanimous consent.

Mr. Rogers responded to committee questions.

<u>Objection</u>: by Mayor Weldon; her objection was later removed.

<u>Amendment</u>: by Mr. Jones to change the original motion to include the $400,000 request as recurring in both FY21 and FY22.

No objection, motion passed unanimously.

Alaska Heat Smart Support

Mr. Rogers stated that the Assembly received an email from Alaska Heat Smart earlier that day, requesting the use of $85,000 of unspent funding from their FY20 grant award for use in FY21, and an additional $30,000 for the FY21 grant request. This is a reduction to the original request of $235,000 for FY21.

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Motion: by Ms. Hughes-Skandijs to direct the manager to amend the Alaska Heat Smart FY20 grant agreement to allow them to spend unspent FY20 grant funding (about $85,000) in FY21.

Amendment: by Ms. Hale to appropriate the requested $30,000 for FY21.

Mr. Jones suggested to make a separate motion instead of an amendment to the motion since the funding sits in two separate fiscal years.

Ms. Hale withdrew her amendment to the motion.

No objection, motion passed unanimously.

Motion: by Ms. Hale to accept the $30,000 grant request in the FY21 budget.

No objection, motion passed unanimously.

Biathlon Range

Motion: by Mr. Smith to accept the $30,000 Biathlon Range funding request in the FY21 budget.

Objection: by Ms. Hughes-Skandijs, who voiced concerns about the current budget situation and that she did not believe now is the right time to fund the project.

Abstained: by Mr. Bryson, who stated he needed to recuse himself from the vote due to a financial conflict of interest.

Roll call votes:
Ayes: Smith
Nays: Edwardson, Gladziszewski, Hale, Hughes-Skandijs, Triem, Weldon, Jones

Absent: None.
Motion failed.

Eaglecrest Budget

Mr. Jones explained that $275,000 was the amount that exceeded FY20 budget levels for Eaglecrest's FY21 request. Eaglecrest's budget was already approved for FY21 up to the FY20 level earlier in the budget process. Mr. Jones explained that this is the final time to take action on Eaglecrest's budget.

Mr. Scanlan discussed that the additional budgetary ask is to help cover additional costs in FY21, including an increase in interdepartmental charges, retaining staff by means of raising wages, and meeting general facility maintenance needs. He further explained that the additional general fund support will help sustain a strong ski season, acknowledging that they may experience declining revenue for the FY21 season due to the COVID-19 pandemic.

Mr. Rogers responded to committee questions.

Motion: by Mayor Weldon to move $275,000 additional Eaglecrest request to the FY21 budget.

Amendment 1: by Mr. Bryson to reduce the amount from $275,000 to $150,000. He explained that this still provides assistance to Eaglecrest, but does not harm the general fund budget as much.

Objection to Amendment 1: by Mayor Weldon, who stated that just the extra personnel services trying to get workers up to minimum wage is $86,000, which doesn't give Mr. Scanlan much room to maneuver. Mayor Weldon later withdrew her objection.

Objection to Original Motion: by Ms. Hale, who expressed that she believes she can support Mr. Bryson's amendment to the original motion at the reduced amount.

Amendment 2: by Mr. Smith to raise the amount from $150,000 to $180,000, which would at least make Eaglecrest whole this year from forces outside of their fiscal control.

Objection to Amendment 2: by Ms. Hughes-Skandijs, who voiced that the City is taking various other cuts, including to personnel, so giving the magnitude of the budget issue cannot support an amount higher than $150,000.

Roll call votes: Amendment 2
Ayes: Smith, Weldon
Nays: Bryson, Edwardson, Gladsziszewski, Hale, Hughes-Skandijs, Triem, Jones

Absent: None.
Motion failed.

Roll call votes: Amendment 1
Ayes: Bryson, Edwardson, Gladziszewski, Hale, Hughes-Skandijs, Smith, Weldon
Nays: Triem, Jones

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Absent: None.
Motion passed 7/2.

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

Absent: None.
Motion passed 5/4.

The meeting recessed at 7:03PM.
The meeting reconvened at 7:11 PM.

Travel Juneau / Centennial Hall

Mr. Rogers discussed the hotel bed tax, restating staff's recommendations from the memo to the committee dated April 30, 2020.

Mr. Rogers responded to committee questions.

<u>Motion</u>: by Ms. Gladziszewski to accept $625,000 for Travel Juneau and $534,400 for Centennial Hall into the FY21 budget.

<u>Objection</u>: by Mr. Jones, who expressed his concerns about the level of funding, stating he's unsure if Centennial Hall needed the full amount. Additionally, hotel bed tax has always supported the marketing of Juneau as a tourist destination. This would be the first time that general funds would be required to support the tourism agency.

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

Absent: None.
Motion passed 8/1.

Downtown Business Association

Mr. Jones clarified the grant was awarded the last three years from excess receipts in the Hotel Bed Tax Fund. In FY21, there is insufficient funding available from hotel bed taxes, requiring this grant to be funded from general funds if approved.

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Motion: by Ms. Hale to move the $75,000 for the Downtown Business Association grant to the FY21 budget as a non-recurring item, to be paid for with general funds.

Objection: by Mayor Weldon for purpose of a question. Mayor Weldon asked what the funds would be used for, and if the requested amount is flexible.

Ms. Moore, Juneau Food Tours Owner, responded to Mayor Weldon's question, stating that one of the things they're focusing on is having a safe and viable downtown. They are the only municipality in Alaska to receive the certification from the Main Street America Program. The goal for use of the grant funding is to focus on bringing people to downtown and creating a safe environment.

Objection withdrawn: by Mayor Weldon after Ms. Moore provided an explanation for use of grant funding.

Objection: by Ms. Hughes-Skandijs, stating that she is primarily motivated by the budgetary situation, and is concerned that this grant requires general fund support rather than support from hotel bed taxes.

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

Absent: None.
Motion passed 8/1.

Marine Passenger Fees (MPF)

Mr. Watt presented the revised MPF recommendations from his April 8, 2020 memo to the committee.

Mayor Weldon asked if this level of funding is one time or reoccurring.
Mr. Watt clarified that it's one time, with the assumption that the City will be collecting status-quo levels of MPFs for the 2021 cruise ship season.
Mr. Rogers clarified that this has no impact in the MBT.

Motion: by Mayor Weldon to accept the manager's MPF recommendations for FY21 of $2,751,850.

No objection, motion passed unanimously.

Airport North Terminal GO Bond

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Mr. Rogers stated that earlier in the day the Airport Finance Committee voted to pay for the FY21 and FY22 North Terminal GO bond amounts with Airport CARES Act funding. The debt service is between $600,000 and $700,000 a year. FAA made funding available through the CARES Act to assign the debt in general obligation bonds for the next four years. The assembly has sole discretion of the approval.

Motion: by Mayor Weldon to accept the Airport's approval of funds to offset debt service cost for FY21 and FY22 in the amount of $602,400.

No objection, motion passed unanimously.

Budget Reduction Scenarios

Mr. Watt directed the Assembly to his May 12, 2020 memo to the committee that summarizes the proposed budget reductions. Mr. Watt noted that the MBT does not reflect the full amount of the budget reductions, only the amount of general fund budget reductions, excluding the Augustus Brown Pool funding decision.

Mr. Watt responded to committee questions.

Motion: by Mayor Weldon to accept the manager's budget reduction scenarios for $1,138,000 of general fund budget cuts.

Objection: by Ms. Gladziszewski for the purpose of a question. She later withdrew her objection.

Mr. Watt responded to committee questions.

No objection, motion passed unanimously.

Mr. Rogers asked if the committee wished to take action on the non-general fund portion of the budget reductions.

Motion: by Ms. Gladziszewski to accept the recommendations including items 11, 12 and 13 from the budget scenario list totaling $391,700 of non-general fund position reductions.

No objection, motion passed unanimously.

Mr. Rogers responded to committee questions.

The meeting recessed at 8:06 PM.
The meeting reconvened at 8:15 PM.

b. **FY21 Capital Improvement Plan (CIP) Resolution 2877**

Mr. Rogers presented the CIP changes in the MBT.

Mr. Watt commented to the trail projects that could be eligible under CARES Act funding as a work training program.

Mr. Rogers responded to committee questions.

<u>Motion</u>: by Ms. Gladziszewski to move Serial No. 2877 as amended by staff (which reduces the Areawide Street Sales Tax by $3.5 million) to the full Assembly for adoption.

Mr. Watt responded to committee questions.

<u>Amendment 1</u>: by Ms. Hale to postpone the $3.3 million deferred maintenance for Augustus Brown in order to keep the pool open for one year, while having greater certainty of future funding to make that decision. Amend to remove the $3.3 million from the FY21 CIP but keep it on the FY22 CIP.

<u>Objection to Amendment 1</u>: by Ms. Triem, stating that the project is already shovel-ready.

<u>Roll call votes</u>: Amendment 1
Ayes: Hale, Bryson, Edwardson, Gladziszewski, Hughes-Skandijs, Smith, Weldon, Jones
Nays: Triem

Absent: None.
Motion passed 8/1.

<u>Amendment 2</u>: by Mayor Weldon to fund the Sayeik Gastineau School partial roof replacement of $1.5 million and move it to the Areawide Sales Tax section of the CIP, and fund the Eaglecrest trail work under a new section for CARES Act funding on the CIP.

Mr. Rogers responded to committee questions.

No objection, amendment passed unanimously.

Amendment 3: by Ms. Gladziszewski to move the $4.5 million and $2.3 million for Centennial Hall deferred maintenance to the unscheduled funding section of the CIP.

No objection, amendment passed unanimously.

The committee was brought back to the original motion made, with the approved first, second, and third amendments.

No objection, amended motion passed unanimously.

c. **Mill Levy Ordinance 2020-08**

Mr. Rogers discussed the mill rate changes. The manager's FY21 Proposed Budget proposed a one mill increase to the Areawide mill rate, and the Assembly has the discretion to approve or change this proposal.

Motion: by Ms. Gladziszewski to move mill levy ordinance 2020-08 at 10.66 mills instead of 11.66, and reduce the Areawide mill rate to 6.70 from 7.70, to the full Assembly.

Objection: by Mr. Jones, stating that the committee has only postponed raising taxes a year, and has instead chosen to use savings instead of raise additional revenue.

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

Absent: None.
Motion passed 8/1.

d. **CBJ Operating Budget Ordinance 2020-09**

Motion: by Mayor Weldon to move ordinance 2020-09 for FY21 CBJ operations with amendments and corrections made by staff and during the budget review process to the full Assembly for adoption.

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

No objection, motion passed unanimously

VI. INFORMATION ITEMS

a. **AFC Meeting Schedule**

VII. NEXT MEETING DATE

a. **Wednesday, June 3, 2020 5:00 PM.**

VIII. Adjournment

The meeting adjourned at 9:03 PM.