City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Zoom Webinar & Facebook Live Stream
Wednesday, May 13, 2020, 5:00 PM

I. Call to Order

The AFC meeting was called to order at 5:03 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 and Carole Triem. Greg Smith joined at approximately 5:22 PM.

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; Katie Koester, Public Works Director; Carl Uchytil, Port Director; George Schaaf, Parks and Recreation Director; 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; Nancy DeCherney, Juneau Arts and Humanities Council; Midgi Moore, Owner, Juneau Food Tours; Tom Rutecki, Aquatics Board Member; Max Mertz, Economic Stabilization Task Force Co-Chair; Linda Thomas, Economic Stabilization Task Force Co-Chair.

III. APPROVAL OF MINUTES

a. May 6, 2020 AFC Minutes.

<u>Motion:</u> by Ms. Triem to approve the May 6, 2020 minutes.
No objection, motion passed unanimously.

Mayor Beth Weldon presented letter written by Ms. Gladziszewski and herself to the Alaska Governor from the CBJ Assembly.

<u>Motion:</u> by Ms. Hale to send the letter composed by Mayor Weldon and Deputy Mayor Gladziszewski, as presented, from the Assembly to the Alaska Governor.
No objection, motion passed unanimously.

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. Two new cases of COVID-19 were reported yesterday. These cases are associated with staff of the Lemon Creek Correctional

Center. The EOC is focused on expanding local testing abilities. The EOC is also focused on childcare facility support by way of grants, PPE and related screening equipment. Bartlett Hospital's reopening for non-emergent procedures is going well.

Ms. Cosgrove responded to committee questions.

Assemblymember Greg Smith joined the meeting at approximately 5:22 PM.

b. **CARES Act Funding**

Rorie Watt, City Manager, gave an update on CARES Act funding. Currently CBJ estimates $3.0 million of FY20 COVID-related expenditures, eligible for reimbursement through the CARES Act. Mr. Watt believes that in FY20 the rental assistance grants ($200,000) and small business loan program ($3.0 million) will be CARES reimbursable expenses. Additionally Mr. Watt stated that debt on the airport terminal project ($650,000 per year for four years) will also be a CARES reimbursable cost. FY21 expenses are less certain. There may also be an option of reimbursement for payroll costs. Mr. Watt estimated at this time 50% of the payroll costs for public safety related employees including Police and Fire, however the CARES Act FAQ states that the funds cannot be used for anything budgeted prior to a certain date.

Mr. Watt responded to committee questions.

Mr. Watt pointed to packet page 8 which is a memo that includes the personnel budgeted costs at $13.9 million for Police and $8.3 million for Fire for an annual total of approximately $22.0 million.

Mr. Rogers, CBJ Finance Director, responded to committee questions.

V. ITEMS FOR ACTION

a. **Staff Recommendation on Collection of Delinquent Accounts**

Mr. Rogers presented staff recommendations regarding collection of delinquent accounts. CBJ staff are recommending changes in collection of delinquent utility accounts only, other accounts are not recommended for collection process changes at this time.

In order to comply with SB 241 CBJ Public Works recommends requiring residential and commercial utility customers to fill out a COVID-19 hardship deferral form, and set up a payment plan in order to continue service with no fines or penalties for delinquent utility bills through November 15, 2020. SB 241 does not include commercial utility customers. CBJ staff recommend considering commercial requests on a case-by-case basis.

Mr. Rogers responded to committee questions.

Without objection Chair Jones confirms acceptance of staff recommendations.

b. **Pending List: Manager's Proposed Increments**

Mr. Watt presented Waterfront Maintenance (listed as P&R Tourism Services on the pending list) increment request.

Mr. Rogers added that this increment request would be paid with marine passenger fees (MPF), and was included on the Manager's Revised Draft Passenger Fee CIPs, Operations and Grant Appropriations memo dated April 8, 2020 under the line item "Seawalk, Open Space and Restroom Maintenance".

Mr. Watt suggested accepting the increment for Parks and Recreation, as the funding will become clearer based on the adoption, or lack thereof, of the revised passenger fee proposal. Mr. Watt suggested leaving the Arboretum groundskeeper request on the pending list, as the addition of this position is not timely given current budget concerns. Mr. Watt suggested funding the increase to the Parks and Landscape Maintenance (PLM) Park Ranger as this position is managing the homeless population in a way that should be eligible for CARES Act funding. Mr. Watt stated that an update on election equipment will be given on Monday (5/18/2020) night's HRC meeting and does not require action at this time. Mr. Watt suggested accepting pending list items #1 and #3 (Parks and Recreation Tourism Services and Parks Landscape and Maintenance Park Ranger) and leaving items #2 and #4 (Arboretum Groundskeeper and Election Equipment) on the pending list.

The meeting recessed at 6:23 PM.
The meeting reconvened at 6:35 PM.

Mr. Rogers continued discussion regarding the waterfront maintenance increment request via MPF funds.

Ms. Gladziszewski stated that she disagreed with funding the waterfront maintenance increment request in the absence of a summer season involving cruise ship passengers. Ms. Triem agreed.

Mr. Watt responded to state the CLIA (Cruise Line of Alaska) had reached out to local governments and municipalities to make it known that while they are experiencing challenges, they support maintenance of the waterfront by local municipalities. Mr. Watt stated that regardless of the tourist season, CBJ must maintain the waterfront including emptying garbage receptacles and fixing items that are broken. CLIA does not object to the use of MPF for this purpose.

Mr. Bryson stated that he believes the Assembly should approve the use of MPF funds to maintain the waterfront and move on to items that concern local taxpayer funds.

<u>Motion:</u> by Mayor Weldon to accept pending list item #1, Parks and Recreation maintenance of Juneau waterfront paid from the Marine Passenger Fee Fund.

<u>Objection</u>: by Ms. Gladziszewski to state that the entire amount requested will not be needed this summer.

<u>Roll call votes</u>:
Ayes: Weldon, Bryson, Hughes-Skandijs, Smith, Triem, Jones.
Nays: Edwarson, Gladziszewski, Hale.
Absent: None.
Motion passed 6/3.

<u>Motion:</u> by Mayor Weldon to accept the PLM Lead Park Ranger increment request for $12,900. It is anticipated that revenue from Amalga Meadows Park and the Eagle Valley Center will offset this cost. Additionally this position will monitor the Thane Campground and additional parks for illegal camping. This increase will potentially qualify for CARES Act reimbursement.
No objection, motion passed unanimously.

Agenda items addressed out of order.

Ms. Hale asked for clarification regarding the election equipment increment request. Mr. Watt responded stating that the HRC would be presenting information at their Monday meeting about vote by mail equipment. Mr. Watt states that CBJ believes that this expense will be eligible for CARES Act reimbursement.

<u>Motion:</u> by Ms. Hale to accept the Election Equipment increment request.
No objection, motion passed unanimously.

c. **Pending List: Docks Budget**
d. **Pending List: Harbors Budget**
e. **Pending List: Airport Budget**

<u>Motion:</u> by Ms. Gladziszewski to move the Docks, Harbors, and Airport budgets (pending list items #16, #17 and #19) as they have been discussed at length.
No objection, motion passed unanimously.

f. **Pending List: Eaglecrest Budget**

<u>Motion:</u> by Ms. Triem to accept the Eaglecrest budget, less the $250,000 general fund increase over the FY20 budget.

<u>Objection</u>: by Mr. Smith for purpose of a question.

<u>Objection</u>: by Ms. Hale for purpose of clarity. Ms. Hale later removed her objection.

<u>Objection</u>: by Mr. Smith for purpose of a question. Mr. Smith later removed his objection.

No objection, motion passed unanimously.

Ms. Triem stated that some of the grant recipients of the Youth Activities Grant had asked if they could carry over their FY20 funds into FY21 because some of the activities they were going to use the grant funds for have been cancelled due to the COVID-19 pandemic.

After committee discussion on how to accomplish this authorization, Mr. Rogers stated that the FY20 Youth Activity Grant funds have already been appropriated and authorized. If the committee chose they could direct the City Manager to amend the grant agreements to extend the grant period.

Motion: by Ms. Triem to direct CBJ staff to amend grant agreements for existing Youth Activities Board grants so that they can expend FY20 monies through FY21.

Objection: by Mayor Weldon for purpose of a question. Mayor Weldon later removed her objection.

No objection, motion passed unanimously.

g. **Pending List: HeatSmart Grant Request**
h. **Pending List: Youth Activity Board Grant Request**
i. **Pending List: HBTF Travel Juneau Grant Request**
j. **Pending List: HBTF Centennial Hall Funding**
k. **Pending List: HBTF Downtown Business Association Grant Request**
l. **Pending List: Manager's Passenger Fee Proposal**
m. **Pending List: Other Pending Items**

After committee discussion it was decided to postpone items g, h, I, j, k, l, and m until the 5/20/2020 AFC meeting.

n. **Ordinance 2019-06 (AB) Transfer for Accounting System Upgrade**

Mr. Rogers presented information regarding funding sources for a software upgrade for the GOVERN software used by multiple CBJ departments. Funding for this software has already been approved in the FY20 and FY21 budgets via the 1% sales tax allocated to technical projects across CBJ.

Mr. Rogers responded to committee questions.

Motion: by Mayor Weldon to send Ordinance 2019-06 (AB) to the full Assembly for introduction and public hearing.

No objection, motion passed unanimously.

Minutes - Assembly Finance Committee Meeting
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VI. ITEMS FOR DISCUSSION

a. Economic Stabilization Task Force Recommendations

Max Mertz, co-chair of the Economic Stabilization Task Force (ESTF), presented information about business and economic impacts related to the COVID-19 pandemic. The ESTF made the following recommendations to the Assembly:

- Business Sustainability Grants for locally owned businesses that can demonstrate a 20% year over year decline in sales. Included would be retrofitting costs for business modifications in response to COVID-19.
- Utility payer relief for locally owned businesses with a year-over-year decline in sales. ESTF recommends a percentage match for utility relief equal to the businesses year-over-year decline in sales not to be less than 20%. Period recommended is based on CARES Act timeline, and up to April 2021. ESTF has reached out to AEL&P and believe that electric utility costs could be included for relief with CBJ paying on behalf of the customers, if the assembly so chose.
- Local Citizen Support – "Support Local and Save", similar to what is in place in Camas, Washington and Newberg, Oregon. These programs offer financial incentives by way of utility discounts when citizens patronize local businesses, excluding essentials such as groceries. Existing programs use a 2:1 rate of reduction on utility bills, i.e. for every qualifying $50 spent the utility customer sees a $25 credit on their utility bill with a per customer dollar amount maximum. Program should be eligible for CARES Act funding. AEL&P could participate similarly to utility payer relief.
- Establish COVID-19 testing in Juneau. Ramp up local COVID-19 testing abilities.

Ms. Triem stated that she was concerned about the administrative load of these programs, particularly when CBJ is faced with a potential stagnation or reduction in workforce. She requested that the ESTF consider ways to simplify the programs to reduce the workload on CBJ staff.

Ms. Hale echoed Ms. Triem's concerns and asked if the ESTF has looked at the Anchorage programs.
Mr. Mertz will bring this concern to the ESTF.

Mr. Mertz responded to committee questions.

Linda Thomas, ESTF co-chair, stated that for many small and mid-sized local businesses there is an urgent need for relief, as many of them are struggling to pay operating costs now.

The meeting recessed at 8:08 PM.
The meeting reconvened at 8:20 PM.

b. **Review of 4th Quartile Budget Priorities**

Mr. Watt stated that he believed that this budget review process is a helpful tool for the Assembly to use.

Committee members discussed the tool and stated that the lower quartile programs may be roughly equal in importance, and were rated in the lowest quartile not because they are unimportant but because there are programs that are simply necessary for society to function (Police, Education, Fire).

Mr. Bryson stated that the downtown library could be closed and CBJ Community Development and Law departments could be housed in that CBJ owned space for a significant cost savings to the city.

c. **Capital Improvement Plan Reductions**

Mr. Watt presented budget balancing strategies via CIP reductions. The included memo is presented as a starting point for CIP reduction discussions and offers more detail than the Macro Budget Tool.

Committee discussed how CIP's are ranked.

d. **Operational Service Reductions**

Mr. Watt presented information regarding potential service reduction strategies.

Mr. Watt responded to committee questions.

e. **Personnel Services Cost Reduction Strategies**

Ms. Cosgrove presented information regarding potential personnel services cost reduction strategies. Options include postponing the 1% wage increase that is currently planned in July, across the board wage reductions, employee furlough, and reduction in workweek. Unilateral action exposes CBJ to legal risk.

Ms. Cosgrove responded to committee questions.

VII. INFORMATION ITEMS

a. **AFC Meeting Schedule**

VIII. NEXT MEETING DATE

a. **Wednesday, May 20, 2020 5:00 PM.**

IX. ADJOURNMENT

The meeting adjourned at 9:21 PM.