

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Virtual Meeting Only
Wednesday, April 22, 2020

**The AFC meeting convened immediately following a Special Assembly
Meeting beginning at 5:00 PM**

I. Call to Order

The AFC meeting was called to order at 6:41 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, Greg Smith, Michelle Bonnet Hale 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; Rob Palmer, City Attorney; Kevin Benson, Bartlett Regional Hospital Chief Financial Officer; Rose Lawhorne, Bartlett Regional Hospital Chief Nursing Officer; Patty Wahto, Airport Manager; Brenwynne Grigg, CDD Administrative Officer; Bridget Weiss, Juneau School District Superintendent; George Schaaf, Parks and Recreation Director, Matt Scranton, MIS Director; Robert Barr, Juneau Public Libraries Director; Sarah Jahn, Juneau School District Administrative Services Director.

Others Present Virtually: Dennis Harris, Airport Board Member; Jerry Godkin, Airport Board Member; Kenny Solomon-Gross, Hospital Board Member; Rosemary Hagevig, Hospital Board Member; Brian Holst, Juneau School District Board Member.

III. APPROVAL OF MINUTES

- a. The April 8, 2020 minutes were approved as presented.

IV. BUDGET PRESENTATIONS

- a. **Juneau International Airport (budget page 138)**

Patty Wahto, Airport Manager, presented the FY21 and FY22 Proposed Airport Budget. Ms. Wahto discussed increased expenses and the Airport's proposed plan of increased fees and use of Airport fund balance in order to arrive at a balanced FY21/22 budget.

Minutes - Assembly Finance Committee Meeting

Wednesday, April 22, 2020

Immediately following a Special Assembly Meeting beginning at 5:00 PM

Ms. Wahto discussed a significant budget increase to monitor and address PFAS contamination.

Ms. Wahto discussed the impact of COVID-19 on the Airport as outlined in the provided memo dated April 13, 2020. Ms. Wahto stated that Airport variable revenues could be decreased by approximately 95% in April 2020. Revenue is projected to decrease significantly over the next several years. The Juneau Airport is projected to receive 21.7 million dollars in federal CARES Act money, separate from the AIP (Airport Improvement Project) grant that the Airport expects to receive.

Ms. Wahto responded to Assembly questions.

Jeff Rogers, CBJ Finance Director, responded to Assembly questions.

Rorie Watt, City Manager, responded to Assembly questions.

Motion: by Maria Gladziszewski that the Airport Manager work with the City Manager on the issue of FAA CARES Act funding in the best interests of the entire borough.

No objection, motion passed unanimously.

Chair Jones stated that the Airport budget will be held for later discussion consistent with other department budgets.

The meeting recessed at 7:36 PM.

The meeting reconvened at approximately 7:45 PM.

b. Bartlett Regional Hospital (budget page 150)

Kevin Benson, Bartlett Regional Hospital Chief (BRH) Financial Officer, presented the FY21 Proposed Hospital Budget. Mr. Benson presented plan information for a new detox unit. 65% of Bartlett Hospital's revenue is generated by Medicaid and Medicare. In October 2019 the State of Alaska implemented a 5% reduction in Medicaid reimbursements. A 4% rate adjustment increase in cost for services has been included in the budget proposal. The Rural Demonstration Project has been eliminated, reducing Hospital additional reimbursements by approximately 3.7 million dollars. Bartlett Hospital could now participate in the low volume adjustment from CMS, however that program would only provide up to 1.5 million dollars.

Mr. Benson responded to Assembly questions.

Charles "Chuck" Bill, BRH Chief Executive Officer, responded to Assembly questions regarding BRH's response to COVID-19.

Rose Lawhorne, BRH Chief Nursing Officer, responded to Assembly questions.

Minutes - Assembly Finance Committee Meeting

Wednesday, April 22, 2020

Immediately following a Special Assembly Meeting beginning at 5:00 PM

Mr. Benson presented Bartlett Hospital's COVID-19 response as presented in the memo included in the packet.

Motion: by Mayor Beth Weldon to accept the FY21 Hospital budget as presented due to high level of available fund balance.

No objection, motion passed unanimously.

The meeting recessed at 8:26 PM.

The meeting reconvened at approximately 8:32 PM.

c. **Debt Service (budget page 182)**

Mr. Rogers presented Debt Service Overview Memo.

In January the Assembly Finance Committee voted to direct staff to introduce an ordinance that would pay unrestricted school bond debt from the unrestricted fund balance. This appropriation would have transferred unrestricted general funds into the debt service fund. Once the COVID-19 pandemic was more fully understood, the Finance Department thought that the Assembly would be interested in reconsidering this issue.

For simplicity CBJ has recommended that unreimbursed school bond debt be paid from the debt service fund balance, and that the debt service mil rate be set at 1.2, which is consistent with the Manager's proposed budget.

Mr. Rogers responded to Assembly questions.

Ms. Gladziszewski stated she believes it is reasonable to assume that the 50% of school bond debt will continue to be unpaid by the State and the Assembly should account for that in the debt service mil levy v. masking the debt by transferring general funds in order to fund unpaid school bond debt.

Ms. Hale agreed with Ms. Gladziszewski for the sake of transparency. When the Assembly voted to assume the school bond debt last year in response to the governor's veto, there was discussion around how the school bond debt would be paid.

Motion: by Maria Gladziszewski to not transfer general fund monies into the debt service reimbursement fund balance in FY20.

Minutes - Assembly Finance Committee Meeting

Wednesday, April 22, 2020

Immediately following a Special Assembly Meeting beginning at 5:00 PM

Ms Gladiziszewski clarifies that this motion is separate from the debt service mill levy and will not singularly affect the mill rate.

Mayor Weldon objected to ask a clarifying question.

Mr. Rogers responded to question regarding the schedule of actions.

Mayor Weldon withdrew her objection.

Mr. Bryson objected to the motion in order to preserve a portion of the debt service fund balance.

Mr. Rogers responded to Assembly questions.

Roll call votes:

Ayes: Gladiziszewski, Edwarson, Hughes-Skandijs, Smith, Jones.

Nays: Bryson, Hale, Triem, Weldon.

Absent: None

Motion passed 5/4.

d. Proposed Mill Rate (budget pages 27-31)

Mr. Rogers presented proposed Mill Rate information.

Chair Jones responded to Assembly questions.

Mr. Watt will email relevant charter regarding mill rates to assemblymembers.

V. ITEMS FOR ACTION

a. School District - Funding "Outside the Cap"

Sarah Jahn, Juneau School District Administrative Services Director; Bridget Weiss, Juneau School District Superintendent; and Brian Holst, Juneau School District Board Member; responded to Assembly questions.

Motion: by Mr. Edwarson to postpone action on the school district above the cap funding until the May 6, 2020 AFC meeting.

No objection, motion passed unanimously.

b. School Operating Budget (budget pages 87-89)

No additional discussion.

Minutes - Assembly Finance Committee Meeting

Wednesday, April 22, 2020

Immediately following a Special Assembly Meeting beginning at 5:00 PM

VI. INFORMATION ITEMS

- a. AFC Meeting Schedule

VII. SUPPLEMENTAL MATERIALS

- a. DEED COVID-19 CARES Act Allocation Memo
- b. CARES Act Allocation by District

VIII. NEXT MEETING DATE

- a. Wednesday, May 6, 2020 5:00 PM.

IX. Adjournment

The meeting adjourned at approximately 9:44 PM.