City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, April 1, 2020 5:30 PM

The AFC meeting convened immediately following a Special Assembly Meeting beginning at 5:30 p.m.

I. Call to Order

The meeting was called to order at 7:15 PM by Loren Jones, Chair.

II. Roll Call

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

Committee Members absent: None

Staff present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Jeff Rogers CBJ Finance Director; Adrien Speegle, CBJ Budget Analyst.

Staff Present Telephonically: Carl Uchytil, CBJ Port Director; John Bohan, CBJ Chief CIP Engineer;

Others Present Telephonically: Brian Holst, President, Juneau School Board; Sarah Jahn, Finance Director, Juneau School District Admin Services.

III. Approval of Minutes

The March 11, 2020 were approved as presented.

IV. Budget Presentations.

Budget Books were distributed to AFC members and are posted online at: https://beta.juneau.org/budget

A. CBJ Budget Overview

Rorie Watt, City Manager, presented information regarding the FY21 proposed budget. Mr. Watt emphasized the many unknowns of the impact of COVID-19 on the CBJ budget including the cost of COVID-19, the impacts to the local economy including sales tax, and the future state budgets. Mr. Watt noted that the proposed budget includes a 1 (one) mil increase to property tax. Mr. Watt said an increase in property tax may be necessary in order to arrive at a balanced budget.

Jeff Rogers, Finance Director, presented information regarding the FY21 proposed budget in relation to the Managers Budget Message. Mr. Rogers states that the budget as presented to the Assembly tonight was largely complete prior to March 1, 2020 and certainly mostly complete prior to the COVID-19 pandemic as we know it today. Changes to revenue via sales and other taxes are incorporated into the budget though changes in expenditures have not been made at this time.

Economic impacts are anticipated, including a significant level of unemployment, a significant reduction in hotel bed tax, sales tax, and marine passenger fees.

Mr. Rogers discussed potential CIP reductions as well as support for the Juneau School District, and the potential impact the States decisions during the current Legislative session will have on the school district.

Mr. Rogers and Assembly discussed information presented. Mr. Rogers answered Assembly questions.

Mr. Rogers presented information regarding revenue assuming a 50% reduction in sales tax revenue in the 3rd quarter of FY20 from the 3rd quarter in FY19 (from 14 million to 7 million) and potential solutions for savings in order to arrive at a balanced budget.

Mr. Rogers discussed page 46 and of the handout and the potential impact to revenue via the hotel bed tax over the next two years.

Mr. Rogers and Assembly discussed and Mr. Rogers answered Assembly questions.

Mr. Rogers discussed page 49 marine passenger fees and how they will potentially be affected. Mr. Rogers answered Assembly questions.

Mr. Rogers presented what items that will still need to be funded including debt payments and required city service costs.

The meeting recessed at 8:11 PM.
The meeting reconvened at 8:20 PM.

Mr. Rogers answered Assembly questions regarding marine passenger fees.

Mr. Rogers presented information related to unrestricted fund balance and the potential to entirely expend that money very rapidly. The FY20 presumptive deficit is 7.5 million dollars, excluding the 3 million dollar emergency loan program appropriation that occurred earlier today in the Special Assembly Meeting. This makes the presumptive deficit 10.5 million dollars which does not consider COVID-19 related emergency costs.

Mr. Rogers presented how the mil rate increase could increase tax revenue and decrease the deficit. Mr. Rogers answered Assembly questions.

B. **Update on Budget Authority for COVID-19 Response**

Mr. Rogers discussed presumptive lapse of nearly 3 million dollars in FY20 which is now what is considered to be paying for COVID-19 related expenditures with.

In relation to COVID response, CBJ has not hired any new staff or laid personnel off in response. Costs have shifted from programs that are currently unavailable to programs related to COVID response.

Mila Cosgrove, Deputy City Manager, responded to say that we may soon be seeing extraordinary costs related to COVID response which will be changing as we extend sheltering contracts as we move into potential sheltering for people in quarantine and isolation.

Mr. Watt, Mr. Rogers, and Ms. Cosgrove answered Assemblymember questions.

C. **School District Budget Presentation**

Brian Holst, President, Juneau School Board and Sarah Jahn, Finance Director, Juneau School District Admin Services presented remotely.

Mr. Holst presented FY21 Juneau School District budget.

Mr. Holst recognized the Assembly's and Community of Juneau's support of the Juneau School District.

Ms. Jahn presented the JSD budget process and priorities.

<u>The Key Assumptions of the School budget include:</u>

Resources

1.) State Foundation Payment – Please note the LOG (legislative operating grant) is crossed out however the legislature has passed a $30,000,000 LOG which is currently with the governor.
    - Assumes flat base student allocation – assumes 4592 students which is a decrease of 28 students from FY20 – assumes 93 intensive needs students.
    - Budget includes slight overall FTE decrease for classroom and support staff.
2.) CBJ Support - $26,842,100
    - Assumes full support to the cap

<u>District Funding Request to CBJ</u>

	Amount	Increase/(Decrease)
General School Operations	$26,842,100	$344,300
Outside the cap*	$2,055,100	$378,600
TOTAL	**$28,897,200**	**$722,900**

Sarah Jahn and Brian Holst answered Assembly Questions including how JSD is responding to student and staff concerns amid COVID-19 response.

Loren Jones requested a motion to set number aside until it's in the schedule. The last page of meeting schedule on April 22, 2020 includes action on funding outside the cap and school operating budget.

D. **Docks and Harbors Budget Presentation**

Presentation by Carl Uchytil, Port Director; presented the FY21 and FY22 proposed budget for Docks and Harbors found on page 42 of the meeting packet.

Mr. Uchytil responded to committee questions.

Mayor Weldon moved to keep the Docks and Harbors budget in the Finance Committee until a future date.
No objections, motion passes unanimously.

E. **Capital Improvements Program Presentation**

Assembly member Wade Bryson moved to postpone Capital Improvements Program presentation until the next Assembly Finance Committee meeting on April 08, 2020.
No objections, motion passes unanimously.

V. Items for Discussion

Assembly Member Maria G. asks the Mayor to consider an economic resiliency or recovery committee in order to have information presented in a formal way.
Mayor Weldon will consider it after consulting with the EOC.

VI. Information Items

A. **AFC Meeting Schedule** (pg. 63 & 64)

VII. Next Meeting Date

Wednesday, April 08, 2020

VIII. Adjournment

Meeting was adjourned at 9:37 PM