

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

I. Call to Order

The meeting was called to order at 5:32 PM by Loren Jones, Chair.

II. Roll Call

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

Committee Members Participating Telephonically: Rob Edwardson.

Committee Members Absent: None.

Clerk's Note:

Rob Edwardson participated in the meeting telephonically from 6:27 PM until approximately 8:10 PM.

Carole Triem excused herself from the remainder of the meeting at 6:46 PM.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Jeff Rogers, Finance Director; Robert Barr, Library Director; Rob Palmer, City Attorney; Carl Uchytel, Port Director; George Schaaf, Director of Parks & Recreation; Cheryl Crawford, Treasurer; Theresa Winther, Deputy Treasurer; Tiara Ward, Accountant; Sam Muse, Controller; and Elisabeth Jensen, Budget Analyst.

Others Present: David Witthohn, CFA, CIPM, Senior Portfolio Specialist, Insight Investment; Jason Celente, CFA, Senior Portfolio Manager, Insight Investment; Karen Tarver, CPA, Partner, Elgee Rehfeld (ER); Kevin Benson, CFO, Bartlett Regional Hospital; Blessy Robert, Director of Accounting, Bartlett Regional Hospital; Bridget Weiss, Superintendent, Juneau School District; and Sarah Jahn, Director of Administrative Services, Juneau School District.

III. Approval of Minutes

No minutes were presented for approval.

IV. Introduction of New Investment Manager – Insight Investment Group

Jeff Rogers, Finance Director, introduced David Witthohn, CFA, CIPM, Senior Portfolio Specialist, Insight Investment; and Jason Celente, CFA, Senior Portfolio Manager, Insight Investment who discussed the information found on pages 2 – 97 of the meeting packet.

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Mr. Rogers, Mr. Witthohn, and Mr. Celente responded to questions from the Assembly members.

The meeting recessed at 6:14 PM.

The meeting reconvened at 6:22 PM.

V. FY19 Audit Presentation

Karen Tarver, CPA, Partner, Elgee Rehfeld; presented the information found on pages 98 – 111 of the meeting packet, discussing the JSD, BRH and CBJ audits.

Ms. Tarver and Jeff Rogers both praised CBJ, BRH and JSD Staff for their contributions towards the audit process.

Ms. Tarver responded to questions from the Assembly members regarding the presentation.

The meeting recessed at 6:46 PM.

The meeting reconvened at 6:53 PM.

VI. Sales Tax Exemption Discussion

Jeff Rogers, Finance Director, presented the memo found on pages 112 – 114 of the meeting packet.

As an outcome of the Fiscal Sustainability Review in 2019, the Assembly Finance Committee expressed a desire to consider revisions to CBJ's sales tax rate and exemptions. Mr. Rogers synthesized the conversation into three areas of focus:

- A. Exemptions of sales on-board cruise vessels
- B. Exemption of sales by non-profit organizations
- C. Exemption of sales tax on food offset by an increase to the sales tax rate (either seasonally or year-round)

The Assembly discussed the three areas of focus as follows.

A. Exemptions of sales on-board cruise vessels

Mr. Rogers and Mr. Watt responded to questions from the Assembly members.

Maria Gladziszewski, moved to direct staff to draft an ordinance repealing, CBJ 69.05.040(4), and bring it back to the AFC for discussion.

Wade Bryson, OBJECTED for the purpose of AMENDMENT.

Wade Bryson, moved to AMEND the MOTION, asking for the draft ordinance to be brought back to the Committee of the Whole (COW) instead of the AFC for discussion.

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Maria Gladziszewski, agreed to AMEND the MOTION, directing staff to draft an ordinance repealing, CBJ 69.05.040(4), and bring it back to the COW for discussion.

Mr. Bryson WITHDREW the OBJECTION.

Without OBJECTION.

B. Exemption of sales by non-profit organizations

Rob Edwardson, moved to divide the question by discussing about the non-profits as one entity and Federally recognized tribes as another.

Without OBJECTION.

Mr. Rogers responded to questions from the Assembly members.

After the discussion, Chair Loren stated that the item would be tabled until after the budget cycle – for further review in the summer of 2020.

C. Exemption of sales tax on food offset by an increase to the sales tax rate (either seasonally or year-round)

Mr. Rogers responded to questions from the Assembly members.

Maria Gladziszewski, moved to direct staff to further refine the sales tax model, whether that means contracting with a professional economist; and to do the scenarios that are suggested taking sales tax off of food and residential utilities, year-round of 6%, and maybe some other scenarios if they make sense – if there are seasonal sales tax differences. Providing the numbers, and sensitivity analysis to be brought back to the AFC for further discussion.

Michelle Hale, moved to AMEND the MOTION by adding to the original motion the analysis of any unforeseen impacts.

Loren Jones, moved to AMEND the AMENDED MOTION to ALSO include impacts from sin taxes in the analysis.

Without OBJECTION.

The meeting recessed at 8:10 PM.

The meeting reconvened at 8:17 PM.

VII. Info Item – Marine Passenger Fee Recommendations

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A 3-page in-meeting supplemental packet item from City Manager, Rorie Watt, "Memo: Draft Passenger Fee CIPs, Operations and Grant Appropriations", was provided to the Assembly members during the meeting and posted on-line.

Mr. Watt outlined the new format of the MPF Memo, and responded to questions. He stated that the memo would be released for a 30-day public comment beginning on February 7, 2020. A refreshed memo will be brought back to the AFC for review after the public comment period has ended.

The Assembly discussed the information.

VIII. Info Item – Airport Bond Appropriation

Jeff Rogers, Finance Director, briefed the body on the next step in the Airport Bond process – promising to bring forth an appropriation ordinance to the Assembly to appropriate funding.

IX. Info Item – Gastineau Apartments

Jeff Rogers, Finance Director, notified the body of receiving the final payment of \$1.5M (plus interest) of the amount due as a result of the Gastineau fire and ensuing events thereafter. Without specific Assembly direction, the proceeds will be deposited into the Sales Tax Fund, as this was the funding's original source.

The Assembly members discussed the topic briefly, but absent further information settled on proceeding with the natural deposit into Sales Tax Fund for the time being, with further discussion to take place during the upcoming budget process.

X. Info Item – AFC Meeting Schedule

Chair Jones brought attention to the draft version of the upcoming AFC meeting schedule on pages 115 – 116 of the meeting packet. He asked Assembly members to contact himself or Mr. Rogers if they had questions or suggested changes to the agenda. He encouraged Assembly members to contain their February thru May AFC packets within their AFC 3-ring binders, and bring the binders to upcoming meetings as these materials will come in handy for discussions during forthcoming meetings.

Chair Jones mentioned that he would be participating telephonically in the Special Assembly & AFC meetings to be held on April 1st. Mayor Weldon will Chair said meetings on April 1st.

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XII. Next Meeting Date

Wednesday, March 11, 2020

XIII. Adjournment

Meeting was adjourned at 8:43 PM.