

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, August 21, 2019, 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, Mary Becker, Maria Gladyszewski, Michelle Bonnet Hale, Rob Edwardson, Loren Jones, Chair; and Mayor Beth Weldon.

Committee Members Participating Telephonically: None.

Committee Members Absent: Carole Triem.

Staff Present: Rorie Watt, City Manager; Jeff Rogers, Finance Director; Teresa Bowen, Assistant Attorney; Robert Barr, Library Director; Lindsey Foster, Parks & Recreation; Sam Muse, Controller; and Elisabeth Jensen, Budget Analyst.

III. Approval of Minutes

The May 15, 2019 minutes were approved as amended.

Amendment to item, VII. Set Mill Rates – For Final Action, page 8 of the packet, included the addition of the following text as read into the record by Jeff Rogers, Finance Director.

“Mayor Weldon requested to have the 0.1 mill increase to Areawide Service Area Mill rate be used for either school bond debt (since the State of Alaska’s plan for school bond debt reimbursement is currently unknown), or to other capital projects.

Ms. Triem asked how binding the intent of language would be regarding the spending of the money.

Chair Jones said that he wasn’t sure that under our rules that the intent would be binding.

Mr. Bartholomew said he hadn’t spoken to the City Attorney on how binding this language would be. And advised the body that Finance staff could always tell the Assembly what the amount raised as a result of the increase, but how it the increase be used would be a separate discussion with the Law Department on how it would be used.”

The June 12, 2019 minutes were approved as presented.

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IV. Budget Update – FY19 and FY20 Revenue Update

Jeff Rogers, Finance Director, discussed the information provided on pages 15 -16 of the meeting packet. He reflected upon the conservative revenue planning and outlook long held by his predecessor. While some may have perceived prior projections as overly conservative, they reflected the best available information that CBJ Finance had at the time. Certainly, the risk of over-projecting revenue is greater than the risk of under-projecting it. Though revenue has continued to grow, Mr. Rogers said it is now hard to see continued growth into the future.

Mr. Rogers noted many signs are pointing to a U.S. recession by the end of 2021. In the last recession, the CBJ saw a 6% decrease in sales tax revenue over two years, roughly equivalent to a \$3.0 million impact in today's dollars.

The Assembly discussed the information.

V. Impact of State Budget Actions

A 3-page list, dated August 21, 2019, Impact of Governor's Vetoes on Juneau, Alaska, from Jeff Rogers was distributed to the Assembly member as an in-meeting handout.

Rorie Watt, City Manager, discussed the information found on pages 17 – 25 of the meeting packet, and within the 3 page in-meeting handout. Mr. Watt described the task at hand as an effort to look at the Governor's recent vetoes and make a planning horizon. Still there are many unknowns, including a looming third legislative special session in the coming weeks, the citizen effort to recall Governor Dunleavy, and so much else. The City is faced with determining what to do for our citizens what the State of Alaska (SOA) is not (doing).

Mr. Watt reminded the body of the current timing with the SOA preparing a budget to present in December. He encouraged the body to determine and develop the message / strategy the Assembly wants to express to the Governor and to the citizens of Juneau.

The Assembly discussed the information.

VI. Remote Sales Tax Compact

Jeff Rogers, Finance Director, discussed the information provided on page 26 of the meeting packet. In light of the implications of the Supreme Court's decision of South Dakota v. Wayfair, state and local governments across the U.S. are now evaluating their authority and capacity to assess sales tax on remote (online, mail, catalogue, and phone) sales. The State of Alaska does not have a single-level statewide program to collect sales taxes on behalf of the many Alaskan communities (like Juneau) that assess them.

The Alaska Municipal League (AML) now proposes an Intergovernmental Remote Sales Tax Compact – bringing together AML (members) taxing municipalities into a joint Compact to

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work towards collecting sales tax from remote sellers. The potential increase in sales tax revenue could be as much as \$1.5 million.

The Assembly discussed the information.

Maria Gladziszewski, moved to direct staff to draft and deliver the following to the Committee of the Whole for review and action:

1.) An ordinance adopting commonly agreed upon definitions for good and services (i.e. food, rent, etc.)

2.) A resolution authorizing the City Manager to sign the compact.

Without OBJECTION.

VII. Info Only – Financial Sustainability Review

Loren Jones, Chair, discussed the information provided on page 27 of the meeting packet.

The Assembly discussed the information.

VIII. Info Only – Wire Fraud

Loren Jones, Chair, explained that time had been set aside and noticed for an Executive Session following the Finance Director's presentation on the topic. The Executive Session would only take place as needed.

Jeff Rogers, Finance Director, discussed the information provided on page 26 of the meeting packet. Mr. Rogers explained that the CBJ had been the victim of a coordinated and sophisticated crime – not unlike someone walking in and robbing the CBJ of \$329,630.21. A timeline of events was presented in the meeting packet on page 28.

The CBJ received reimbursement from our insurer for \$250,000 – the policy limit for this type of fraud. The balance of the loss after insurance coverage, \$79,630.21, has been absorbed by the CBJ Risk Fund.

Since the incident, CBJ Finance leadership has finalized and implemented a new policy (pages 30 – 31 of the meeting packet), for changes to ACH banking information for all payees for CBJ.

The Assembly discussed the information.

IX. Executive Session as needed – Topic: Wire Fraud

An Executive Session did not take place.

Without questions on the topic from the Assembly members, Loren Jones, Chair, indicated the Assembly Finance Committee would not enter into an Executive Session.

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X. Next Meeting Date

Wednesday, September 25, 2019

XI. Adjournment

Meeting was adjourned at 7:21 PM.