City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, December 12, 2018, 5:30 p.m.

I. Call to Order

The meeting was called to order at 5:30 PM by Jesse Kiehl, Chair.

II. Roll Call

Committee Members Present: Mary Becker, Loren Jones, Jesse Kiehl, Rob Edwardson, Carole Triem, Wade Bryson, Michelle Bonnet Hale and Mayor Beth Weldon.
Committee Members Participating Telephonically**:** Maria Gladziszewski.
Committee Members Absent: None.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Dallas Hargrave, Human Resources Director; Rich Etheridge, Fire Chief; Dave Scanlan, Eaglecrest General Manager; Robert Barr, Library Director; Beth McEwen, City Clerk; Sam Muse, Controller; and Elisabeth Jensen, Budget Analyst.

Others Present: Brian Holst, Executive Director, Juneau Economic Development Council (JEDC); and Alec Mesdag, Board Chair, Juneau Economic Development Council Board.

III. Approval of Minutes

The November 7, 2018, minutes were approved as presented.

IV. Juneau Economic Development Council (JEDC) / CBJ 1998 Revolving Fund Agreement Review

Alec Mesdag, Chair, Board of Directors, JEDC, introduced the information found on pages 4-13 of the meeting packet, including a 2-page letter from Brian Holst, Executive Director JEDC to Rorie Watt, City Manager; and a copy of the Memorandum of Agreement (MOA) between the CBJ and JEDC regarding 1998 Juneau Revolving Loan Fund Agreement, dated January 23, 1998.

On behalf of JEDC, Mr. Mesdag, and Mr. Holst, requested the Assembly withdraw from the JRLF MOA. They explained the original funding began with funds granted through a federal economic stabilization program intending to help the region transition away from reliance on the timber industry. The CBJ expensed the funding when control was granted to JEDC, who in turn created a liability to the CBJ on JEDC's books. Exiting the MOA would allow JEDC to have more flexibility in providing funding to local businesses, convert the liability into capital contribution. Also end inefficient reporting responsibilities specific to the JRLF, which JEDC instead proposed to simplify and integrate with its annual reporting to the CBJ. This change would improve the balance sheet of JEDC, while having no impact on CBJ's balance sheet. According to JEDC, as of September 30, 2018, JEDC had $1,260,989 in capital from the JRLF and $796,806 in outstanding loans to seven Juneau companies.

CBJ staff and JEDC representatives responded to questions from the Assembly members about the existing program and options for the future.

Assembly members shared some concerns about withdrawing and losing all oversight. JEDC representatives committed that JEDC would provide streamlined reporting to the CBJ; and oversight of JEDC would remain with a CBJ-appointed Board of Directors, including a permanent seat by the Mayor of Juneau.

Mayor Beth Weldon, moved for the City & Borough of Juneau, and Juneau Economic Development Council (JEDC) to mutually withdraw from their January 23, 1998, Memo of Agreement (MOA), regarding the Revolving Loan agreement, with the effective date of the termination of the agreement to be determined by the City Manager.
Maria Gladziszewski OBJECTED.

<u>Roll call votes</u>:
Ayes: Edwardson, Triem, Bryson, Becker, Hale, Jones, Kiehl, and Mayor Weldon.
Nays: Gladziszewski.
Absent: None.
Motion PASSED 8-1.

V. Senior Sales Tax Exemption – Two Modification Ideas

Mr. Bartholomew, Finance Director, discussed the information provided on pages 14-18 of the meeting packet, including a short issue paper, two pages of analysis and two pages of guidelines and definitions for the current program.

Prior to being elected to her current post, Mayor Weldon had asked staff to provide a high level analysis of two ideas for potential modification of the current Senior Sales Tax Exemption. This presentation attempted to provide a basic overview of the current process to the new Assembly members, along with providing the high level analysis of the two scenarios:

Scenario 1: Evaluate raising the age limit for seniors, (while grandfathering existing seniors) to qualify for the senior tax exemption under both the existing essential purchases only level and expanding the program to all expenditures.

The former resulted in an estimated loss of revenue of $65K in 2024. The latter option would result in an annual loss of revenue approximately $3.6M beginning in 2019.

Scenario 2: Evaluate raising the income level that qualifies for the sales tax rebate. Also, comparing the sales tax rebate income level, to the hardship income level, used for senior property tax hardship exemption.

The increase in income cap to $60,000 for an individual / $70,000 for a married couple, would increase the Total Rebate by $45,000 in 2019, adding approximately 107 qualifying applicants to the Sales Tax Rebate program.

The Assembly discussed the topic.

The meeting recessed at 6:50 PM.
The meeting reconvened at 7:03 PM.

VI. Major Revenues and CBJ Financial Position Update

Mr. Bartholomew, Finance Director, discussed the information provided on pages 19-23 of the meeting packet, beginning with a two page white paper, a Major Revenue schedule, a current General Government Available Fund Balance schedule and a schedule outlining CBJ Restricted Budget Reserve.

The FY20 budget was "Approved" in June, 2018, by the assembly as a "place holder". It will be the updated this winter and presented to the Assembly in April, 2019.

Last year the economic indicators pointed towards a contracting economy due to State uncertainty. Still, the news is better than expected with stable and strong (sales and property tax revenues) providing increased revenue of $3.5 Million in FY19 to fully fund our current budget, without dipping into fund balance as planned. This allows for potential opportunities for "one time" investment in the community.

Looking forward, the outlook is mixed with expected ongoing growth in tourism, but continued uncertainty remaining at the State and Federal levels.

As a result, the departments are being asked to bring back a budget level based on last year's tentatively approved FY20 budget with the addition of wage increases negotiated in 2018 (after assembly action on the budget).

The Assembly discussed the topic.

VII. Collective Bargaining Overview

Mila Cosgrove, Deputy City Manager; and Dallas Hargrave, Human Resources Director; discussed information provided as an eight-page memo, titled "Information for Union Contract Negotiation Preparation" that was handed out during the meeting.

Ms. Cosgrove outlined the role of the City in the community, with much of that being driven by CBJ personnel – with workforce costs totaling 60-70% of the budget. The CBJ has a very highly engaged and dedicated workforce. It is important to invest in our employees in a sustainable way.

Mr. Hargrave provided an overview of the roles, responsibilities and legal framework pertaining to contract negotiations as codified in CBJ Code of Ordinances Sections 44.05 and 44.10.

Summary information was discussed for positions, wages, and comparatives for each bargaining unit.

The Assembly discussed the topic.

VIII. Information Item – Senior Assisted Living – Discuss Potential for a Competitive / Financially Incentivized Solicitation Process

Rorie Watt, City Manager; discussed a white paper penned by Scott Ciambor, Chief Housing Officer on pages 24-25 of the meeting packet. Additionally, staff is working on two other ideas including a "ground lease", and "equity investments". At this point, the ideas are still being developed, but staff wanted to make sure the Assembly was aware of the new ideas in the interim.

IX. Executive Session

Employee Compensation Negotiations.

Carole Triem moved to recess and reconvene to Executive Session for the purpose of discussing Employee Compensation Negotiation matters. There being no objection or public comment, it was so ordered that Executive Session would commence after a ten minute recess.

The meeting recessed at 8:40 PM.
The meeting reconvened at 8:50 PM.

The committee entered into Executive Session at 8:50 PM.
The committee returned from Executive Session at 9:48 PM.

Loren Jones reported that during the executive session the committee had discussed "contract negotiations" and the committee gave direction to staff.
Chair Kiehl asked if there was any other business. There was none.

The meeting was adjourned.

X. Next Meeting Date

Wednesday, January 9, 2019.

XI. Adjournment

The meeting was adjourned at 9:49 PM.