

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, June 13, 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, Jerry Nankervis, Maria Gladziszewski, Robert Edwardson, Jesse Kiehl; and Mayor Ken Koelsch.

Committee Members Participating Telephonically: Norton Gregory, Beth Weldon, and Loren Jones.

Committee Members Absent: None.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Carl Uchytel, Port Director, Docks & Harbors; Mike Vigue, Director, Engineering & Public Works; Rob Palmer, Assistant Attorney; Scott Ciambor, Chief Housing Officer; George Schaaf, Director of Parks and Recreation; Laurie Sica, City Clerk; Jill Maclean, CDD Director; Greg Chaney, Lands and Resources Manager; and Elisabeth Jensen, Budget Analyst.

Others Present: Scott Shapiro, Founder and Managing Director, Eagle Rock Ventures (ERV); Natalie Gualy, Project Manager, Eagle Rock Ventures (ERV); John Cooper, Commander, American Legion, Auke Bay Post 25; Bud Carpeneti, Partnership Board of Directors, The New JACC; John Clough, Partnership Board of Directors, The New JACC; Bob Banghart, Building Program Manager, The New JACC; Jill Ramiel, President; Downtown Business Association; and Liz Perry, President/CEO; Travel Juneau.

Clerk's Note: This was a heavily attended AFC meeting, with over fifty persons in the audience.

III. Approval of Minutes

The May 3, 2018, minutes were approved as presented.

The May 9, 2018, minutes were approved with two corrections identified prior to the meeting.

IV. Eagle Rock Ventures (ERV) Presentation – Update on Developing Housing at 2nd & Franklin

Scott Shapiro, Founder and Managing Director, Eagle Rock Ventures (ERV); and Natalie Gualy, Project Manager, Eagle Rock Ventures (ERV).

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Rorie Watt, City Manager, introduced the topic, noting limited housing development over last few decades in Juneau's downtown area. He discussed the municipal role and the three tools available to the Assembly regarding housing: Amending Land Use Code, Land Disposal, and Financial Incentives.

Scott Shapiro, discussed the history of Eagle Rock Ventures (ERV) and discussed six issues:

Why ERV has pursued this project

What ERV has done in other places.

What type of returns investors look for with these types of projects.

What ERV has done so far regarding this project.

Why the economics haven't worked out thus far for this project.

What incentives are in place in other places to make projects feasible.

Mr. Shapiro, Mr. Bartholomew and Mr. Watt responded to questions from the Assembly members.

The Assembly members indicated interest in looking at further options regarding financing and incentives, but not preparing an Ordinance at this point.

The meeting recessed at 6:37 PM.

The meeting reconvened at 6:51 PM.

V. Ordinance 2017-06(AX) – An Ordinance Appropriating to the Manager the Sum of \$250,000 as Supplemental Funding for Harbors' FY18 Operating Budget; Funding Provided by Harbors' Fund Balance.

Bob Bartholomew presented the Ordinance as provided on page 19 of the meeting packet.

Mary Becker, moved to refer Ordinance 2017-06(AX) to the full Assembly for approval. Without OBJECTION.

VI. Request to Expand Non-Profit Sales Tax Exemption to Include 501(c)(19) Organizations – American Legion (Auke Bay Post 25)

John Cooper, Commander, American Legion, Auke Bay Post 25

Bob Bartholomew discussed an administrative solution for the American Legion (Auke Bay Post 25) pertaining to their rental of Centennial Hall.

The most important issue to the American Legion is that every two years they rent Centennial Hall (CH) for an event. Due to a recent change in their non-profit classification from the IRS and the Sales Tax Code limitations, they are no longer eligible for non-profit status. This is a significant expense unless they receive a non-profit discount. They used to qualify for CH discount rate but currently do not.

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The Juneau Arts and Humanities Council (JAHC) is scheduled to begin managing Centennial Hall beginning July 1, 2018. The JAHC agreed to administratively change the policy to allow C-19 Organizations (two now) to receive a discounted fee.

Commander Cooper stated that the administrative fix described would be satisfactory to him as long as it was put in place by July 31, 2018.

Mr. Bartholomew said that the bigger issue pertains to determining whether to change/expand the Sales Tax code to allow C-3 and C-4 organizations non-profit tax benefits when they buy and/or sell items.

Mr. Bartholomew plans to bring back a non-profit sales tax analysis to the Assembly Finance Committee at a future AFC meeting.

VII. Development Update on New Juneau Arts and Culture Center (JACC) & Funding Request

Bud Carpeneti, Partnership Board of Directors, The New JACC; John Clough, Partnership Board of Directors, The New JACC; and Bob Banghart, Building Program Manager, The New JACC.

Mr. Carpeneti, Mr. Clough and Mr. Banghart discussed the history, the current status of the New JACC project, and their request for bond funding.

Loren Jones, moved to direct staff to prepare the necessary Bond Issuance ordinance(s) to be brought forward for consideration by the Assembly in time to meet the appropriate deadlines for placement on the October, 2018 ballot.
Without OBJECTION.

Loren Jones, moved to direct staff to prepare necessary documentation to place the issue of an additional 2% Bed Tax, without expiration, on the ballot in the upcoming election.
Without OBJECTION.

VIII. Centennial Hall – PERS Termination Study

Mila Cosgrove, Deputy City Manager, presented the information found on page 45 of the meeting packet. She explained the two types of payments related to removing positions from Public Employment Retirement System (PERS) – a lump sum one-time termination fee and an ongoing indebtedness obligation payment, annually over approximately 20 years based on information from PERS. The actuarial study set the termination fee at \$84,479. Discussion is ongoing regarding the ongoing indebtedness is approximately \$50,000, but has not been finalized. The latter cost is already included in the FY19 Adopted Budget, so additional funds for ongoing indebtedness are not being requested at this point.

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Loren Jones asked what the 22% of the current eligible personnel costs if the employees were to remain CBJ employees. Ms. Cosgrove responded that it was approximately \$60,000, and if the fees were to remain the same, approximately savings would be roughly \$300,000.

Ms. Cosgrove and Mr. Watt responded to questions from the body.

Loren Jones, moved to direct staff to prepare a supplemental ordinance providing \$84,479 of additional funding from Hotel Tax Fund Balance to pay the one-time Centennial Hall PERS Termination Fee.

Roll call votes:

Ayes: Nankervis, Jones, Becker, Weldon, Gladyszewski, Edwardson, Gregory and Kiehl.

Nays: Mayor Koelsch.

Absent: None.

Motion PASSED 8-1.

IX. Information Item – Centennial Hall Management Agreement Overview

Mila Cosgrove, Deputy City Manager, provided a brief update pertaining to the information found on pages 46-47 of the meeting packet, and responded to questions from the body. She explained that the specific terms (in wording) regarding the management fee would be changing based on a new request from bond counsel.

X. Information Item – Draft Ordinance to change Sales Tax Code to Implement SB14 – Transportation Network Companies collecting and paying sales tax on behalf of their drivers

Bob Bartholomew, Finance Director, provided an informational update regarding pages 48 – 64 of the meeting packet. The proposed Ordinance will be introduced at the next Assembly meeting.

XI. Next Meeting Date

Wednesday, August 8, 2018

Clerk's Note: Shortly after the meeting on June 13, 2018, another AFC meeting was scheduled to take place on Wednesday, July 25, 2018.

XII. Adjournment

Meeting was adjourned at 8:19 PM.