City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting

Meeting was scheduled to convene after Special Assembly Meeting beginning at 5:30 p.m.

Wednesday, April 4, 2018, 5:30 p.m.

I. Call to Order

The meeting was called to order at 5:33 PM by Jesse Kiehl, Chair.

II. Roll Call

Committee Members Present: Jesse Kiehl, Chair; Norton Gregory, Maria Gladziszewski, Jerry Nankervis, and Rob Edwardson.
Committee Members Participating Telephonically: Mary Becker, Beth Weldon and Loren Jones.
Committee Members Absent: Mayor Ken Koelsch.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Roger Healy, Director, Engineering & Public Works; John Bohan, Chief CIP Engineer; Rob Steedle, CDD Director; Dallas Hargrave, Human Resources Director; Robert Barr Library Director; Ed Mercer, Chief of Police; David Campbell, Deputy Chief of Police; Jessica Paskowski, Administrative Officer, Police; Rich Etheridge, Fire Chief; Greg Chaney, Lands & Resources Manager; Dave Scanlan, Eaglecrest Manager; Scott Ciambor, Chief Housing Officer; Sam Muse, Controller; and Elisabeth Jensen, Budget Analyst.

Others Present: Dr. Mark Miller, Superintendent, Juneau School District; David Means, Administrative Services Director, Juneau School District; Brian Holst, President, Juneau School Board; Josh Keaton, Vice President, Juneau School Board; Emil Mackey, Juneau School Board Member; and Andi Story, Juneau School Board Member.

III. Approval of Minutes

The March 14, 2018 minutes were approved as presented.

IV. Distribution of FY19/20 Proposed Biennial Budget Documents

Handout provided to AFC.

Rorie Watt, City Manager, presented information regarding the FY19/20 Proposed Budget. Mr. Watt emphasized the importance of the budget process as the most important undertaking each year, and recognized the hard work of all the CBJ departments in their efforts to create the budget. He said the City has a good budget, a good process. He encouraged the public to read the Manager's Budget Message found on pages 2-4 of the handout provided to the AFC; to study the budget, and to reach out and ask questions about it.

Minutes - Assembly Finance Committee Meeting
Wednesday, April 4, 2018, 5:30 p.m.

V. FY19/20 Proposed Budget Overview

Handout provided to AFC.

Bob Bartholomew, Finance Director, presented information regarding the FY19/20 Proposed Budget found on pages 5-13 of the handout.

The total funding sources for the FY19 Proposed budget is $338 million, with expenditures estimated to be $333 million, which is $2.9 million less than last year.

Mr. Bartholomew discussed page 9 of the handout, looking at the CBJ departments and support to the school district. He described the focus as being holding the line, and not trying to anticipate the impact of State decisions that have yet to be made during the current Legislative session.

The current budget includes a $486,000 increase in Personnel Services, primarily driven by regular merit increases. Capital Expenditures are decreasing by $195,000 from FY18 Amended budget. Commodities and Services shows an increase of $249,000 due to training. Overall, there is a 0.7% increase within Departmental Operating Expenditures of $540,000, - this on a total budget of $76.0 million budget.

Support to the School District on page 9 of the handout shows an increase of $850,000. Mr. Bartholomew noted that the School District will say the increase is $1.0M. The difference is just in the timing of the recent appropriating ordinance approved by the Assembly for the Kinder Ready program.

In total, the Government Expenditures are projected to increase by $1.2M in FY19. However, several items have yet to be decided and were not included in the base budget including: FY19 Wage Increases ($600k), Secure Rural Schools Reauthorization Funding ($700-800K). At this time Mr. Bartholomew recommends not rolling in the Secure Rural Schools Funding into the program budget due to ongoing uncertainty in continued funding. It is instead recommended to use the funds for special one-time funding needs.

While discussing Major Revenues - Property Tax (page 10 of handout), Mr. Bartholomew stated that trends for property tax and sales tax are slightly upward, sales are flattening. Local revenue is still stable, but near term economic risks from the state budget decreases and uncertainties are real.

Items shown on the increment list on page 13 of the handout is not included in the base budget. The header title of page 13 should not include FY20. This items to be addressed over the next 6 weeks.

Mr. Bartholomew directed the public and Assembly to follow along with the budget on City's new Budget website at: https://beta.juneau.org/budget.

Mr. Bartholomew responded to questions from the Assembly members.

VI. School District Budget Presentation

Mark Miller, Superintendent, Juneau School District; David Means, Finance Director, Juneau School District introduced the Juneau Board members in attendance: Brian Holst, President, Juneau School Board; Josh Keaton, Vice President, Juneau School Board; Emil Mackey, Juneau School Board Member; and Andi Story, Juneau School Board Member.

Dr. Miller and Mr. Means presented the FY19 Juneau School District budget, passed by the Board of Education at its March 27, 2018, meeting.

Dr. Miller thanked the Assembly for providing the current level of funding to the cap.
The FY19 Budget anticipates expenses of $85,799,900, revenue of $85,783,500 and a drawdown of $16,400 of fund balance.

The Key Assumptions of the School budget include:

Resources

1.) State Foundation Payment - $37,953,500
    - Assumes $100 increase base student allocation – assumes 4,625 students – assumes 85 intensive needs students
2.) CBJ Support - $26,412,600
    - Assumes full support to the cap

The Key Consequences of the School budget include:

Resources

1.) Class sizes remain the same or increase
    - Dropped core high school teachers
2.) Same elementary specialist – more PLC time
3.) Unable to fund elementary instructional coaches
4.) Partial funding of new science curriculum standards

District Funding Request to CBJ

	Amount	Increase
General School Operations	$26,412,600	$569,900
Outside the cap*	$1,376,500	$450,800
TOTAL	**$27,789,100**	**$1,020,700**

*Uncertain Student Transportation revenue

Dr. Miller and Mr. Means responded to questions from the committee.

Minutes - Assembly Finance Committee Meeting
Wednesday, April 4, 2018, 5:30 p.m.

The meeting recessed at 6:44 PM.
The meeting reconvened at 6:56 PM.

VII. Capital Improvements Program Presentation

Roger Healy and John Bohan presented the Capital Improvements Program plan found on pages 30 – 42 of the meeting packet.
The initial resolution on pages 38 – 42 was provided to the PWFC on February 26, 2018. Changes outlined in the memo on pages 30 – 31 of the meeting packet outline the recommendations of the PWFC and further staff review, which was in turn incorporated into the resolution found on pages 32 – 37 of the meeting packet.

Initial questions from Mr. Jones focused on potentially reducing "Contract Specifications and Contract Language Update from $90K to $65K to include $25K for EV Charging. Chair Kiehl asked if it would be ok to add this to the pending list. Mr. Jones agreed.

Discussion will continue during the AFC meeting on April 11, 2018.

VIII. Information Items

A very short Special Assembly meeting to introduce items will be held at 5:15pm on Wednesday, April 11, 2018.

IX. Next Meeting Date

Wednesday, April 11, 2018

X. Adjournment

Meeting was adjourned at 7:20 PM