

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, March 14, 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: Jesse Kiehl, Chair; Maria Gladyszewski, Jerry Nankervis, Loren Jones, Beth Weldon, Robert Edwardson, and Mayor Ken Koelsch.

Committee Members Participating Telephonically: Norton Gregory.

Committee Members Absent: Mary Becker.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Sam Muse, Controller; Lindsey Foster, Parks and Recreation; Julie Jackson, Parks and Recreation; Dave Scanlan, Eaglecrest; and Elisabeth Jensen, Budget Analyst.

Others Present: Karen Adam Sycks, Manager, Elgee Rehfeld Mertz; Lee Henry, Eaglecrest Board; Bruce Garrison, Eaglecrest Board; Max Mertz, Chair, CBJ Aquatics Board; Pat Watt, CBJ Aquatics Board; Tom Rutecki, CBJ Aquatics Board; and Joe Parrish, CBJ Aquatics Board.

Others Participating Telephonically: Karen Tarver, Partner, Elgee Rehfeld Mertz.

III. Approval of Minutes

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

IV. FY17 Audit Presentation

Adam Sycks, CPA, Manager, Elgee Rehfeld Mertz; presented the information found on pages 4 – 12 of the meeting packet, discussing the JSD, BRH and CBJ audits. CBJ earned an “unqualified” (clean) audit opinion.

Mr. Sycks, Karen Tarver, Partner, ERM; and Bob Bartholomew responded to questions from the Assembly members regarding the presentation. Committee members requested all open/ongoing management letter comments be included in annual letter until fully resolved.

V. Joint with Eaglecrest Board

Dave Scanlan, Manager, Eaglecrest presented an operational update and FY19 proposed budget for Eaglecrest from an overhead presentation (not distributed in the meeting packet – but later added as a supplemental item to the online packet), and page 13 of the meeting packet.

Mr. Scanlan; Lee Henry, Eaglecrest Board Chair; Bruce Garrison, Eaglecrest Board; Rorie Watt, City Manager and Bob Bartholomew, Finance Director, responded to questions from the Assembly members on topics including low snow fall, snow making equipment, concession sales, mountain biking, local zip-line merger, and funding.

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Mr. Gregory described the potential of decreasing uncertainty and increasing revenue due to low snow fall, by investing in snowmaking equipment to make adequate amounts of snow.

Mr. Scanlan requested an increment of \$25,000 in FY19 (matched with \$25,000 from Eaglecrest Foundation) General Fund Support, as shown on page 13 of the meeting packet, but not included in the FY19 Proposed Base Budget.

No committee action was taken.

The meeting recessed at 6:34 PM.

The meeting reconvened at 6:45 PM.

VI. Joint with Aquatics Board

Kirk Duncan, Parks and Rec Director, sent his regards that he was unable to attend the meeting due to surgery on his broken foot.

Max Mertz, Aquatics Board, presented pages 14 - 50 of the meeting packet, and asked for direction from the body.

Under its authorizing Ordinance, 2015-23(b), the Aquatics Board sunsets on May 28, 2018, unless the Assembly takes action to amend the Ordinance.

The Aquatics board considered four general options:

Option A: No Action – allowing the board to sunset.

Option B: No Change/Extend the Term of the Existing Pool Board.

Option C: More Fully Empowered Aquatics Board.

Option D: Contract with Nonprofit Entity to Manager the Pools.

Mr. Mertz; Pat Watt, Aquatics Board; Tom Rutecki, Aquatics Board; Joe Parrish, Aquatics Board; Rorie Watt, City Manager; and Bob Bartholomew, Finance Director, responded to questions from the Assembly members.

Beth Weldon moved to direct staff to move forward with Recommendation B, drafting an Ordinance to extend the term of the Existing Pool Board to June 30, 2019.

Mr. Jones OBJECTED to the MAIN MOTION.

Loren Jones moved to AMEND the MAIN MOTION, to ask the Pool Board to make no effort regarding “Option D – Contracting with Nonprofit Entity to Manage the Pools”.

Ms. Weldon OBJECTED to the MOTION TO AMEND.

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Roll call votes:

Ayes: Edwardson, Jones, and Kiehl.

Nays: Gregory, Weldon, Nankervis, Gladziszewski and Mayor Koelsch.

Absent: Becker.

Motion to AMEND the MAIN MOTION FAILS 3-5, WITH 1 Absent.

Rob Edwardson moved to AMEND the MAIN MOTION, excluding YMCA or similar operations from “Option D – Contracting with Nonprofit Entity to Manage the Pools”. Rob Edwardson WITHDREW the MOTION TO AMEND the MAIN MOTION.

No OBJECTION on MAIN MOTION.

Ms. Weldon inquired if extending the ordinance would include extending the current board members’ terms.

Rorie Watt responded that the Ordinance would be corrected.

VII. Ordinance 2018-09 An Ordinance Providing for the Issuance and Sale of a General Obligation School Refunding Bond in the Aggregate Principal Amount of Not to Exceed \$5,500,000; and Providing for the Form and Terms of the Bond and for Unlimited Tax Levies to Pay the Bond.

Bob Bartholomew discussed the Issue Paper and Ordinance found on pages 51 - 76 of the meeting packet, responded to questions and asked for direction from the body.

No committee action was taken, as Ordinance 2018-09 was already introduced at the Assembly meeting on March 5, 2018, and is currently scheduled for Public Hearing and Assembly action on April 2, 2018.

The meeting recessed at 8:03 PM.

The meeting reconvened at 8:09 PM.

VIII. Marine Passenger Fee Recommendations - Draft

Rorie Watt discussed the current status of the MPF memo and responded to questions regarding pages 78-88 of the meeting packet.

He highlighted current news on continued growth in passenger counts with 1,130,000 passengers projected this season and 25% growth within 2 years. Though exciting, he and tour operators are concerned about being able to accommodate the rapid and ongoing growth with aging infrastructure – Franklin dock is 25 years old. The current MPF list is a “stay the course” list, maintaining the same level of service as in the past, despite total requests on page 85 of \$11.0M, and funding of \$5.9M.

Clerk Note: Norton Gregory disconnected from the teleconference at 8:40 PM.

The MPF Memo will come before the AFC again in early April for action.

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IX. FY19 & 20 Manager Budget Preview - Issues

Bob Bartholomew handed out a draft AFC Schedule for the FY19/20 Budget season. He provided a preview of the FY19/20 Proposed Budget to be provided to the Assembly in early April.

Economic Outlook – Through the lens of Sales and Property Taxes, we are seeing stability in tax revenue. Where we had predicted 1 – 2% declines, we are seeing 1 – 2% growth. Sales tax revenue we are projecting to receive that is higher than needed to fund the FY18 budget will fall to fund balance in the magnitude of \$1.5M - 1.8M.

Loren Jones mentioned the School Board meeting regarding budget the night prior, where they mentioned higher property assessed values requiring state funding to be offset with local funding. Mr. Bartholomew stated that JSD's FY19 budget is based on 2017 property assessments which were a 3-4% increase over prior year, requiring about \$600,000 in increased local funding for FY19.

Program Receipts – Most general government programs are coming in less than budgeted in FY18, \$600k decrease in program receipts heading into FY19.

Operational Departments History – In FY14 the budget was not sustainable, and through a multi-year process reduced expenditures (\$3.0M), and raised revenue (\$3.0M), with two years of reductions and two years of flat budgets, we are now preparing for the next two year budget cycle. We are now seeing the signs and symptoms of pressure on the budget. With \$70.0M budget for Operational Departments, we may have approximately \$700.0K of lapse in FY18 smaller than recent years.

Guidance to Departments –

Advice from Assembly Retreat: 1.) We will fund merit increases. 2.) Live within means.

CBJ does have healthy available Fund Balance of \$12.0 - \$13.0M.

X. Info Only – SB101 Education – Property Tax Breaks for Economic Development

Bob Bartholomew mentioned the memo on pages 89-90 of the meeting packet explaining new state law allowing local governments to provide property tax credits for economic development. He encouraged Assembly members to read the document as it will return to a future AFC meeting in April for further discussion.

XI. Next Meeting Date

Wednesday, April 4, 2018 – Immediately following the Special Assembly Meeting at 5:30 PM to Introduce the FY19/20 Budget.

XII. Adjournment

Meeting was adjourned at 9:36 PM.