

City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, April 26, 2017, 5:30 p.m.

Meeting was held following the conclusion of the Special Assembly meeting at 5:00pm.

I. Call to Order

The meeting was called to order at 7:10 PM by Jesse Kiehl, Chair.

II. Roll Call

Committee Members Present: Jesse Kiehl, Chair; Maria Gladyszewski, Norton Gregory, Mary Becker, Debbie White, Loren Jones, Jerry Nankervis, and Mayor Ken Koelsch.

Committee Members Participating Telephonically: Beth Weldon.

Committee Members Absent: None.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Rob Steedle, CDD Director; Robert Barr, Library Director; Dave Pusich, Recreation Manager, Parks & Recreation; Lindsey Foster, Administrative Officer, Parks & Recreation; Roger Healy, Director, Engineering & Public Works; Charles Bill, Chief Executive Officer, Bartlett Regional Hospital; Alan Ulrich, Chief Fiscal Officer, Bartlett Regional Hospital; Sam Muse, Controller; Jean Hodges, Assistant Controller, and Elisabeth Jensen, Budget Analyst.

Others Present: Joyce Vick, Youth Activities Board; Tom Rutecki, PRAC representative on Youth Activities Board; Brenda Knapp, President, Bartlett Regional Hospital Board of Directors; Linda Thomas, Finance Chair, Bartlett Regional Hospital Board of Directors; Lance Stevens, Bartlett Regional Hospital Board of Directors; Bob Storer, Bartlett Regional Hospital Board of Directors; and Marshal Kendziorek, Bartlett Regional Hospital Board of Directors.

III. Approval of Minutes

Minutes of the AFC meeting on April 19, 2017, will be provided at the meeting of May 3, 2017.

IV. Youth Activities Board (YAB) Presentation

Chair Kiehl declared a conflict of interest due to a family member potentially deriving income from one of the applicants. Chair Kiehl turned the gavel over to Ms. Becker to Chair, recused himself, and stepped down from discussion and further consideration of this item.

Norton Gregory declared a conflict of interest and recused himself from discussion and further consideration of this item.

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Joyce Vick, Board member, Youth Activities Board; and Dave Pusich, Recreation Manager, CBJ Parks & Rec – Staff Liaison for YAB; presented the FY18 Revised budget for YAB in the amount of \$332,500 as provided for on page 106 of the City Manager's recommended FY18 Revised budget book.

Ms. Vick outlined the FY18 Grant Process, which is divided into three categories: Sports, Arts, and Academic/Other for evaluation and ranking. For the FY18 program, YAB reviewed 26 proposals totaling \$496k in requests, and recommends funding all 26 of the programs. This has the potential of impacting 10,000 youth.

Ms. Vick responded to questions from the committee.

When asked by the committee, Bob Bartholomew, Finance Director, stated that YAB request is already included in the Manager's FY18 Revised Operating Budget, and a motion would not be needed if there were no changes to what was presented.

V. Bartlett Regional Hospital

Chair Kiehl returned to the dais and the gavel was returned to him by Ms. Becker.

Handout provided replacing pages 4 – 18 of the packet.

Linda Thomas, Finance Chair, Bartlett Regional Hospital Board of Directors; Charles Bill, Chief Executive Officer, Bartlett Regional Hospital; and Alan Ulrich, Chief Fiscal Officer, Bartlett Regional Hospital; provided the BRH FY18 budget presentation.

The Bartlett Board of Directors has approved the FY18 budget (as provided in the updated meeting handout, and more recent than what was published on pages 151 – 154, in the April 5, 2017, edition of the CBJ Manager's FY18 Revised Budget book.) The Board approved FY18 budget includes strategic pricing changes up to a blended increase of 4%.

Bartlett has not budgeted proceeds from Medicare's Rural Demonstration Project. This program was signed into law in December 2016. It is suggested that the program will begin in FY19, and could conservatively contribute over \$1.0m to Bartlett annually.

As outlined on page 13 of the meeting hand-out, Bartlett will use \$5.0m of operating funds to purchase capital equipment and make capital repairs. If Bartlett proceeds with large construction projects, it will submit CIP appropriation requests to the Assembly. Additionally, Mr. Bill indicated that the intent will be to withdraw the existing unfunded FY18 CIP requests until further information is available.

Ms. Thomas, Mr. Bill and Mr. Ulrich all responded to questions from the committee

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Ms. Gladziszewski asked for more information about Bartlett's additional request for MPF funding of \$140,000 to support the Hospital's expenses during the cruise ship season (see pages 6 & 8 of the handout packet.)

Mr. Bartholomew indicated that the \$140,000 was not included in the Manager's Recommended MPF memo as approved by the AFC on April 12, 2017. He offered several options for the committee to approach the issue.

Debbie White, moved to approve the expenditure authority of the Bartlett Regional Hospital FY18 Revised budget as presented, and place the Funding Source line item of Marine Passenger Fee from the CBJ in the amount of \$140,000 for the FY18 Revised budget, on the AFC's Pending List.

Mr. Jones objected to the motion. The City Manager did not recommend the MPF funding be provided to BRH. And, with a budget of \$90m, BRH should be able to manage to find \$140k.

Ms. White, WITHDREW the MOTION.

Loren Jones, moved to authorize the Bartlett Regional Hospital FY18 budget in the amount of \$90,572,795 for the total expense line, and instruct that the amount shown in the Marine Passenger Fee funding source will be zero.
Without OBJECTION.

VI. Proposed Mill Rate Presentation

Bob Bartholomew discussed pages 19-20 of the meeting packet.

Mr. Nankervis asked what does 0.1 mills difference mean in the mill rate?

Mr. Bartholomew said that one can think of 0.1 mills as 1.0% of total tax revenue. Looking just at the Total Operating Mill (since there isn't discretion to change the Debt Service portion), at the bottom of page 19, the operating portion of the mill rate is 9.26 mills, raising \$43.0 million.

Based on this scenario, an adjustment of 0.1 mills – either an increase or decrease - would have these results.

- **A 0.1 (or 1.0%) increase** in the total operating portion of the mill rate would result in an **increase of \$430,000** in operating budget revenues.
- **A 0.1 (or 1.0%) decrease** in the total operating portion of the mill rate would result in a **decrease of \$430,000** in operating budget revenues.

Mayor Koelsch requested to have the Proposed Mill Rate presentation provided early in the AFC budget process.

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Mr. Bartholomew stated that the FY18 Revised Mill Levy Ordinance will be placed on the AFC's Pending list.

VII. Debt Service Presentation

Bob Bartholomew discussed pages 21-24 of the meeting packet and responded to questions from the committee.

VIII. General Government Budget Balancing Options

Bob Bartholomew, referenced the two page hand-out outlining a number of reduction options that was provided at the AFC meeting on April 12, 2017. At the AFC meeting, the list was introduced to the committee, and it was requested that the Assembly members review the list for areas they may want more details on or have future conversations on throughout the budget process. At the AFC meeting of April 19, 2017, the Assembly members provided a list of other items for staff to respond with further information on. Mila Cosgrove outlined the response to the request as shown on pages 25 – 26 of the meeting packet.

- 1.) Public Information Officer – \$50,000 was allocated last year, however, though \$41,221 is budgeted for the position, the current person in the position has opted out of health insurance coverage, so the total cost to the CBJ is less.
- 2.) Community Service Officer – Eliminating funding for vacant position, but not eliminating FTE. Clarification was provided that the position became vacant two weeks ago due to a planned retirement. The employee did not retire as a result of this review.
- 3.) Planning Review – Rob Steedle provided further information on eliminating the funding of \$100,000 but not the position in CDD.
- 4.) CBJ Hotel Tax Resolutions – Copies of Resolutions 687, 1036, and 1319 were emailed during the meeting to the Assembly members.
- 5.) CBJ Hotel Tax 1%, 2%, 3% increase scenario – Mr. Bartholomew stated that when thinking of hotel tax, we often think of a 7% tax, but guests pay 12% for hotel / motel rooms – 5% for general sales tax + 7% for hotel tax = 12% total. As a sales tax under the CBJ Charter, any increase to the hotel tax would have to be voted on by the public.
- 6.) Updated information of accepting more CBJ payments via credit cards. – Bob Bartholomew stated that this information will be provided in the near future.

Mayor Koelsch, moved to remove the City Museum Operations & Public Education (\$300,000) from the possible program elimination list of options, due to compelling testimony from the public. This action will allow Assembly and the public to focus on the remainder of potential and any other suggestions that came forward.

Mr. Nankervis objected.

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Roll call votes:

Ayes: White, Gregory, Weldon, Becker, Jones, Gladyszewski, Kiehl, and Mayor Koelsch.

Nays: Nankervis.

Absent: None.

Motion PASSED 8-1.

IX. Info Item – Pending List of the FY18 Revised Budget

Bob Bartholomew answered questions about the AFC FY18 Revised Budget Pending List on page 27 of the packet.

**Loren Jones, moved to place the General Government Budget Balancing Options list and the Additional Information Cost Reduction & Revenue Options list (pages 25-26 of meeting packet) to the AFC Pending List
Without OBJECTION.**

X. Info Item – Juneau Arts & Culture Center – Hotel Tax Memo

Bob Bartholomew presented the Hotel Tax Request Memo, from JACC, found on pages 28-29 of the meeting packet as information only.

XI. Next Meeting Date

Wednesday, May 3, 2017, at 5:30 p.m.

XII. Adjournment

Meeting was adjourned at 9:00 PM