City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, November 09, 2016, 5:30 p.m.

I. Call to Order

The meeting was called to order at 5:35 PM by Jesse Kiehl, Chair.

II. Roll Call

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

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Rob Steedle, CDD Director; Jean Hodges, Acting Controller; Greg Chaney, Lands and Resources Manager; Scott Ciambor, Chief Housing Officer, Clinton Singletary, Sales Tax Administrator; and Elisabeth Jensen, Budget Analyst.

Others Present: Dr. Mark Miller, Superintendent, Juneau School District; David Means, Director of Administration, Juneau School District; Brian Holst, President, Juneau Board of Education; Mr. Lewis, Pacific Development Group (PDG) and Representatives from Tlingit-Haida Regional Housing Authority (THRHA).

III. Approval of Minutes

The August 11, 2016 minutes were approved as presented.
The September 8, 2016 minutes were approved as presented.

IV. Renninger Housing Development – Public Private Partnership Option

Mr. Gregory declared a conflict of interest, as an employee of Tlingit-Haida Regional Housing Authority, and he was allowed to abstain from participating in discussion or voting on the matter.

Rorie Watt introduced a memo regarding a proposed project from Tlingit-Haida Regional Housing Authority.

Bob Bartholomew discussed the concept of providing conduit financing – allowing an entity or organization to use the City's tax-exempt status to go out and issue debt for the development of the project. He advised that it would be very important to have Ms. Weed of Bond Counsel, and Amy Mead, CBJ Attorney, weigh in on the subject in the future. He

went on to outline that there is not financial recourse to the City if the bonds were not paid back. They are in essence, revenue bonds secured by the rents of the project.
Bond council will primarily be looking at two things: 1) the Owner's financial status; and 2) the credit worthiness of the project.
The main benefit would be the significant cost savings to the project – 2 percentage points or more.
There were a number of questions from the body about IRS code, tax exempt status, financial recourse to CBJ and public process that will be addressed by staff and Bond Counsel at the next AFC meeting.

V. FY17 Juneau School District Budget Update

Bob Bartholomew provided a summary of the documents on pages 18-19 of the meeting packet. Subsequent to the Assembly adopting the School District budget: 1.) there was some loss of funding due to the Governor's veto 2.) and a positive swing with an increase in student enrollment that are not yet finalized.

Potential Assembly Budget Actions:

1.) Direct staff to draft an Appropriating Ordinance, for Assembly consideration, to: A) allocate the $2.8 million of increased State revenue to school operations budget and B) increase the operations budget expenditure authorization by $0.85 million.
2.) Direct staff to draft an Appropriating Ordinance, for Assembly consideration, to increase the operations budget expenditure authorization by $0.42 million.
3.) Direct staff to draft an Appropriating Ordinance, for Assembly consideration, to increase the CBJ local funding contribution to school operations by $652,000.
4.) Consider whether the Special Revenue Funds negative fund balances totaling $185,000 should be brought whole by transfers from the school operations fund balance or increased CBJ local funding.

In most recent history:
FY15 - contributions to JSD Fund Balance of $1.5 million, included Assembly approval of a CBJ contribution of $500,000.
FY16 - JSD drew down $120,000 of fund balance.
For FY17 it was projected that JSD would draw $1.8 million from JSD Fund Balance.
Looking forward, there is a good chance the JSD Fund Balance could grow to a balance in the range of $2.5 – $3.5 million.

Dr. Mark Miller, Superintendent, thanked the Assembly for funding the school district to the cap for over a decade. He discussed the concept of building up monetary carry-overs, touched on the implementation of a Reading Recovery Program, and applauded the high rate of graduation.

Discussion from the committee ensued.

Mr. Jones asked if it would be prudent for JSD to push out the request the $652,000 to May, 2017, when more information would be available regarding the legislature, taxes, etc.
Bob Bartholomew mentioned that it would be possible and would be similar to action taken in FY15 when Secure Rural School funding was made available late in the fiscal year.
Dr. Miller reminded the body that the JSD FY18 budget is due to the Assembly in March.

Chair Kiehl inquired whether the $1.8 million was for all three years, or just the first year of the increased labor costs associated with the new contract.
Mr. Means stated that the labor cost increase is much less than, and does not approach the $1.8 million, and estimated $200K would cover the first year of the labor cost increase.

Ms. Gladziszewski requested the last date by which a supplemental appropriation to JSD could legally happen for the FY17 budget.
Mr. Bartholomew said the last date would be June 30, 2017.

Rorie Watt reminded the body that we also face exposure on future school deferred maintenance CIP needs too, and include capital needs in the equation too.

Mr. Jones requested the timing for the report on the state of all facilities.
Chair Kiehl responded that the school facility report is due in September, 2017.

Loren Jones, moved approval to direct staff to draft an appropriating ordinance, allocating $2.8 million of increased State revenue to school operations budget and increase the operations budget expenditure authorization by $0.85 million; and direct staff to draft an appropriating ordinance, to increase the operations budget expenditure authorization by $0.42 million.
Without OBJECTION.

Loren Jones, moved to approve directing staff to put a placeholder in the FY17 Supplemental to look at the ask for $652K to contribute for JSD operations, as well as setting aside $185K to make whole the transfers, keeping both as pending items.
Loren Jones WITHDREW the motion.

VI. FY18/19 Budget Process Update

Mila Cosgrove discussed pages 20 – 23 of the meeting packet addressing the Priority Driven Budget Process, and planned to return to the AFC in December with additional information on this effort.

VII. FY17 Budget Supplemental Documents

Bob Bartholomew reviewed pages 24 – 27 of the meeting packet, proposing 3 budget ordinances.

Debbie White, moved Ordinances 2016-09(V), 2016-09(W), and 2016-09(X) to the full Assembly for introduction and approval.
Without OBJECTION.

VIII. Info Item – Sales Tax Delinquency Summary

Handout – two pages was provided

Bob Bartholomew introduced the topic as part of a two part conversation, with the first part happening tonight and the second part including the Law Department, and taking place at the next AFC meeting.

Mr. Bartholomew and Mr. Singletary provided the body with the statistics relating to delinquency trends within Sales Tax. They described establishing a baseline and showing improvement moving forward.

IX. Next Meeting Date

Wednesday, December 14, 2016 at 6:00 PM

X. Adjournment

Meeting was adjourned at 7:45 PM