City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, April 15, 2015, 5:30 p.m.

I. Call to Order

The meeting was called to order at 5:30 PM by Karen Crane, Chair.

II. Roll Call

Committee Members Present: Merrill Sanford, Mary Becker, Debbie White, Maria Gladziszewski, Karen Crane, Kate Troll, Jerry Nankervis, Jesse Kiehl and Loren Jones.
Committee Members Absent: None

III. Request to Amend Agenda

Kim Kiefer requested to amend the agenda to include the Gastineau Apartments on the agenda.
There were no objections.

IV. Gastineau Apartments

There was significant discussion regarding the process and options for moving forward with the effort to have the remaining Gastineau Apartment building demolished. The Committee provided guidance to the City Attorney, to proceed with the demolition proposal, and to approach the owner with the conveyance option if the owners fail to comply.

V. Approval of Minutes

The April 1, 2015 minutes were adopted as presented.
The April 8, 2015 minutes were adopted as presented.

VI. Bartlett Regional Hospital FY16 Revised Budget Presentation

Nancy Davis, V.P. BRH Board of Directors formally introduced the FY16 Budget Plan and the other Board of Director's members in attendance, including Bob Storer, President (participating telephonically), Kristen Bomengen, Mark Johnson, Brenda Knapp, Linda Thomas, and Lauree Morton.
Nancy turned the time over to Chuck Bill, CEO and Alan Ulrich, CFO to present BRH's budget.

- The hospital is in good fiscal standing with 186 days of cash on hand.
- The Bartlett Board approved the Fiscal 2016 budget with strategic pricing changes up to a blended increase of 5%.
- Bartlett will no longer bill for ER physician services. The financial impact is neutral.
- Bartlett will continue to participate in the Medicare Rural Demonstration Project and assumes CMS will remit $4m for the project.

The Assembly members asked the following questions:

1. **The Board has been working towards strategic fee adjustments. Could we ask for some examples of what the Board has done along those lines over the last year or so?** Mr. Ulrich: Yes.
2. **What is the plan or strategy if you don't receive the $4m from CMS for the Medicare Rural Demonstration Project?** Mr. Bill: We have not adopted a formal strategy, but have discussed our options if that were to happen. One option would be to apply for a different status called a sole community hospital status with the government that could help reduce about half of that. There are other status changes that may be more difficult to get. We could also look at internal program analysis and ultimately, the tough times are why there is a reserve.
3. **The $1.5m in cigarette tax, in fulfilling our overall budget gap, we have set aside $1.7m. How does this fit with this $1.5m? Is it impacted at all?** Bob Bartholomew: In FY15 it was a little over $1.1m that was provided in grants. As Mr. Ulrich stated, the increase that is included in the requested budget would be $340k of additional tobacco tax. Of the $1.7m estimate that we projected we brought that into the CBJ budget. Part of that was allocated to the Juneau Housing First Project and the rest flowed through the budget. We have balanced ours with a draw on Fund Balance. If there is an increase in tobacco tax to allocate to the hospital, barring other changes, we would draw more out of our fund balance to balance that.
4. **Do your assumptions include Medicaid expansion happening?** Mr. Ulrich: No, we are not.
5. **I didn't see anything on a budget for Rainforest Recovery; could we have the Rainforest Recovery portion of the budget broken out?** Mr. Ulrich: Yes.

The meeting recessed at 6:34 PM.
The meeting reconvened at 6:42 PM.

VII. Eaglecrest Ski Area FY16 Revised Budget Presentation

Matt Lillard, Ski Area Manager gave an overview of the FY15 season and presented the revised FY16 budget.

- Due to limited snowfall, Eaglecrest had a very very bad winter.
- The Eaglecrest Board is upholding the decision to not issue weather related refunds. The response has been fairly positive. As a result, the losses are limited to ~$60k.

The Assembly members offered the following questions and comments:

1. **Are you looking at additional activities for the summer season, and increasing revenue during the off-season?** Mr. Lillard: This is another advantage of the new Porcupine Lodge coming on-line. It moves one of our main summer vendors, The Alaska Zip Line Tours out of the old lodge and into the Porcupine Lodge. This opens up the entire second floor of our lodge for event rentals. In the past we couldn't

offer the upper deck or kitchen for rental. The goal is to use the increased space to get more revenue.

2. **Is there a way to monetize better trails for hiking and biking for operators bringing in people?** Mr. Lillard: The Board formed a trail advisory group, with Trail Mix as a part of that group. The plan includes rehabbing some summit trails, expanding the trail network and adding a dedicated downhill mountain bike trail – the first in Juneau. If we were to add a dedicated chair lift, I am not sure if it would be a money maker. Due to a grant, we would be able to get it built with no cost to us. The Board has decided to hold the top of the mountain as a commercial free zone for now in the Master Plan.
3. **What about hiking? If they take a van full of people to the top of the mountain, wouldn't you try to monetize that?** Mr. Lillard: If it grew to that level, we would look at that. A hike to the top alone for a fit person is 45 minutes to an hour. No one has asked about this yet.
4. **A bad snow year doesn't make a pattern, but NOAA reports that this new wavy jet stream pattern could become the new normal. Encourage you to keep up with the scientific assessments, but there will be weather changes in the long term.**
5. **We haven't heard many complaints from people regarding not getting reimbursements for ski passes due to low snow. Thank you to Mr. Lillard and the Board for doing a great job handling the situation.**

VIII. Juneau International Airport FY16 Revised Budget Presentation

Patricia deLaBruere, Airport Manager, John Coleman, Airport Business Manager and Jerry Godkin, Chair of the Airport Board were in attendance.
Patricia presented the FY15 budget projection and the revised FY16 budget, adding that the lack of snow this winter is good for the airport.

- For FY15, the Airport is requesting a supplemental increase of $104,800 for Alex Holden Way road repairs.
- FY16 Personnel Costs have changed since AARF and JPD services are now contracted out, and show up in Services/Charges instead of Personnel Costs.
- FY16 Revenues increase $413,700, mostly due to having Delta Airlines year-round.

The Assembly members offered the following questions and comments:

1. **Where does the income from the parking lot show up?** Ms. deLaBruere: Rentals
2. **Page 28 of the packet shows zero Airport Fund Balance? Do you have extra days of cash on hand?** Ms. deLaBruere: This is our annual operating. We try to maintain three months cash on hand, equating to $1.6m, but we currently have $3.1m of cash on hand. We are not drawing from that fund balance.
3. **What is included in the rentals line item besides parking?** Ms. deLaBruere: Land lease rents, terminal rents, and most of the concessions.
4. **Why have fuel costs increased (page 34 of packet)?** Ms. deLaBruere: This line item is combined utilities and is mostly due to water/sewer rate increases.

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IX. Bond Interest Rate Resolutions

Bob Bartholomew presented three Bond Interest Rate Resolutions.

Ms. Gladziszewski moved to have the AFC forward the three resolutions to the Assembly for Adoption.

Mr. Kiehl stated his structural objection to the process stating that he is uncomfortable with binding future assemblies via a delegation of authority, and went on to remove his objection.

There were no objections, and the resolutions were forwarded to the Assembly for action.

X. Information Items

A. **AFC Meeting Schedule**
B. **Pending Items List was distributed**
   Chair Crane mentioned that BRH, Eaglecrest and the Airport will be added to the Pending Items List.
C. **Secure Rural Schools Update**
   Chair Crane stated that (yesterday) Congress passed a fix for Secure Rural Schools. The program is to retroactively fund for FY14 & FY15 Secure Rural Schools. There was also a measure included that payments are to be made within 45 days of the bill's enactment. We should see that positive benefit to the budget line. We have been receiving about $865k / year. It is unclear if we will receive one year's payment or more.
   Bob Bartholomew mentioned that he is optimistic that we will receive at least one payment in FY16. We could receive double that, but we just don't know yet.

XI. Next Meeting Date

Wednesday, April 22, 2015, immediately following the Special Assembly Meeting at 5:30 p.m.

XII. Adjournment

Meeting was adjourned at 8:29 PM