

**ASSEMBLY AGENDA/MANAGER'S REPORT
THE CITY AND BOROUGH OF JUNEAU, ALASKA**

August 1, 2016 7:00 PM

City Hall Assembly Chambers
Regular Meeting 2016-28

Submitted By:

Duncan Rorie Watt
City and Borough Manager

I. FLAG SALUTE

II. ROLL CALL

III. SPECIAL ORDER OF BUSINESS

IV. APPROVAL OF MINUTES

A. July 11, 2016 Regular Assembly Meeting No. 2016-27

V. MANAGER'S REQUEST FOR AGENDA CHANGES

VI. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

VII. CONSENT AGENDA

A. Public Requests for Consent Agenda Changes, Other Than Ordinances for Introduction

B. Assembly Requests for Consent Agenda Changes

C. Assembly Action

1. Ordinances for Introduction

a. Ordinance 2015-20(AV) An Appropriation Transferring to the Manager the Sum of \$42,233 as FY16 Supplemental Funding for the Law Department; Funding Provided by the Open Space Waterfront Land Acquisition Capital Improvement Project.

This ordinance would transfer \$42,233.07 from the Open Space Waterfront Land Acquisition Capital Improvement Project to the Law Department.

The FY16 supplemental funding is needed for legal representation in the case: CRUISE LINES INTERNATIONAL ASSOCIATION ALASKA, and CRUISE LINES INTERNATIONAL ASSOCIATION v. THE CITY AND BOROUGH OF JUNEAU, ALASKA, et al.

The Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

- b. **Ordinance 2016-09(G) An Appropriation Transferring to the Manager the Sum of \$250,000 as Funding for the Manager's Office Operating Budget; Funding Provided by the Open Space Waterfront Land Acquisition Capital Improvement Project.**

This ordinance would appropriate \$250,000 of Marine Passenger Fees from the Open Space/Waterfront Land Acquisition capital improvement project.

The CBJ strongly supports and welcomes cruise ship tourism, and will continue to work cooperatively with the industry to address impacts caused by the visitation of approximately one million visitors to the CBJ per year. At the same time, the CBJ must defend its marine passenger and port development fees against the constitutional challenges raised by the industry in the litigation brought by the Cruise Lines International Association (CLIA).

These funds would be appropriated as a reserve to be used by the City Attorney at the direction of the Assembly to defend the ongoing litigation by CLIA.

The Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

- c. **Ordinance 2016-09(C) An Ordinance Appropriating to the Manager the Sum of \$2,000,000 as Partial Funding for Construction of the Aurora Small Boat Harbor Re-Build Project Phase II; Funding Provided by the Alaska Department of Transportation, Public Facilities, Municipal Harbor Facility Grant Program.**

Grant funding in the amount of \$2 million provided by the Alaska Department of Transportation & Public Facilities, Municipal Harbor Facility Grant Program. Matching grant funds of \$2 million have already been provided by the Harbors Enterprise Fund Balance. CBJ Docks and Harbors received notice of award of a \$2 million Municipal Harbor Facility Grant for phase two of the reconstruction of Aurora Harbor. The funding would be used to replace failing infrastructure of the current facility including new piling, floats, electrical wiring, pedestals, water lines, and hydrants. Phase two would complete the main float, and head floats E, F, and G including mooring finger floats on one side and provisions for current boat shelters on the other side. This ordinance would appropriate \$2 million into the overall budget of the project.

The Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

- d. **Ordinance 2016-09(D) An Ordinance Appropriating to the Manager the Sum of \$76,050 as Funding for Enhanced Security and Monitoring Capabilities at the Downtown Cruise Ship Docks; Grant Funding is Provided by a US Department of Homeland Security Port Security Grant.**

This ordinance would appropriate \$76,050 for the design, procurement and installation of security cameras for the new cruise ship berths. Grant funding is provided by the US Department of Homeland Security – Port Security Grant Program. This is an operating grant and requires a \$25,350 match for a total approved project amount of \$101,400. This match will be met with the Docks Fund's existing FY17 adopted budget; thus there is no need to appropriate the \$25,350 from the Docks Fund. This project will provide greater security and monitoring capabilities consistent with federal law and the CBJ Docks &

Harbors Facility Security Plan. The Docks & Harbors Board reviewed this appropriation ordinance at its July 28, 2016 regular public meeting.

The Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

- e. **Ordinance 2016-09(F) Ordinance Appropriating to the Manager the Sum of \$14,382,817 as Funding for the Juneau International Airport to Construct a Snow Removal Equipment Building Capital Improvement Project; Funding Provided by the Federal Aviation Administration.**

This ordinance would appropriate \$14,382,817 to Construct a Snow Removal Equipment Building (SREB) capital improvement project. Funding is provided as follows: Federal Aviation Administration grant: \$14,382,817. The FAA funds 93.75% of the project with the remainder being split between State of Alaska Dept. of Transportation (ADOT) and Juneau International Airport local match. Airport local match has been previously appropriated, and an ADOT matching grant is anticipated shortly. The Public Works and Facilities Committee reviewed this action at its June 27, 2016, meeting. The Airport Board approved this action at its July 28, 2016, special meeting.

The Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

- f. **Ordinance 2016-22 An Ordinance Amending the Business Regulations Code Relating to Marijuana and Alcohol.**

This ordinance would accomplish two things: (1) update the alcohol license review process by removing antiquated language and clarifying the grounds for protest consistent with state law; and (2) provide a process for the review of state marijuana establishment license applications similar to the process used by the CBJ to review alcohol license applications.

With respect to the review of alcohol license applications, the suggested changes do not limit or change the scope of review the Assembly currently has under the code as provided by state law.

With respect to the review of marijuana license applications, the proposed review process is designed to avoid duplicating the State's regulation on license restrictions (3 AAC 306.010), and to create a process for the CBJ that complies with the local government protest process identified in 3 AAC 306.060.

The Manager recommends this ordinance be introduced and referred to the Human Resources Committee for review.

- g. **Ordinance 2016-27 An Ordinance Authorizing the Manager to Convey Lot 6 and Lot 7 of the Renninger Subdivision to the Alaska Housing Development Corporation.**

At the Assembly's direction, staff solicited Letters of Interest for the disposal of six lots in the Renninger Subdivision. The Lands Committee reviewed four letters of interest at its April 25, 2016, meeting and directed staff to work with the Affordable Housing Development Corporation's (AHDC) proposal to purchase two of the lots at fair market value.

At its May 16, 2016, meeting, the Lands Committee passed a motion of support for the Assembly to authorize the Manager to enter into direct negotiations with AHDC for the sale of Lots 6 and 7, which the Assembly did at its meeting on May 23, 2016.

This ordinance would authorize the Manager to finalize negotiations and enter into an agreement with AHFC for the sale of the two lots at fair market value, and provides for certain terms in the event the sale is financed by the CBJ.

The Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

h. **Ordinance 2016-28 An Ordinance Amending the City and Borough Code Relating to Criminal Offenses and Penalties.**

The primary purpose of this ordinance is to amend the City and Borough code consistent with changes made by the State with the omnibus crime bill, SB 91. Per SB 91, if state law provides for a comparable state offense, a municipality may not impose a greater punishment by ordinance than that imposed for a violation of the similar state law. This requirement under SB 91 specifically applies to home rule municipalities such as the CBJ.

This ordinance makes a few additional housekeeping changes, outlined in the memorandum from the City Attorney included in your packet.

The Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

i. **Ordinance 2016-29 An Ordinance Amending the Uniform Sales Tax Code Relating to the Senior Citizen Sales Tax Exemption and Marijuana.**

This ordinance would amend the sales tax code with respect to the senior sales tax exemption to require the taxation of marijuana and marijuana products be handled in the same way as alcohol sales. Under current code, the sale of alcohol is not an exempt sale. This ordinance would treat marijuana and marijuana products similarly, unless the product is purchased with a prescription.

The Manager recommends this ordinance be introduced and set for public hearing at the Assembly's next regular meeting.

2. Resolutions

a. **Resolution 2764 A Resolution Designating State of Alaska, Department of Environmental Conservation Grant Funds for the Long Term Biosolids Treatment and Disposal Project, including Treatment Plant Headworks Improvements as the Number One Local Capital Improvement State Funding Priority for Fiscal Year 2017.**

The CBJ is applying for an Alaska Department of Environmental Conservation (ADEC) grant through the Alaska Clean Water Fund grant program. The application process has a ranking system whereby projects from around the state are evaluated based on such criteria as benefits to public health, plans completed by the community, support by the community, and supplementary sources of funding.

To achieve maximum points and thereby the best chance for grant monies, the ADEC requests a resolution of support by the community's elected leaders identifying this project as the community's number one CIP priority for that fiscal year.

This resolution requests that the Treatment Plant Headworks project and Long Term Biosolids Treatment and Disposal be considered Juneau's number one priority for state grant funding this fiscal year.

The Headworks project will install two new mechanical screens at Mendenhall Treatment Plant and JD Treatment Plant. The new screens will remove significantly more non-organic solids from the wastewater providing more efficient treatment and reducing the volumes of biosolids generated.

The CBJ is requesting \$1.0 Million of Grant funding for this project, which requires a 40% match. The match funds would be provided by the ADEC loan already in place for the Headworks and Biosolids projects.

At its July 25, 2016, meeting, the Assembly Public Works and Facilities Committee approved forwarding this request to the full Assembly.

The Manager recommends this resolution be adopted.

3. Bid Award

a. **Bid Award - BE16-254 Snow Removal Equipment Building**

This project consists of construction of a new building for snow removal equipment storage. Bids were opened on July 27, 2016. The bid protest period expired at 4:30 p.m. on July 29, 2016. Results of the bid opening are as follows:

Bidders	Total Bid
F&W Construction Company Inc.	\$13,373.833
Dawson Construction, LLC	\$13,597.000
Unit Company	\$14,140,000
Swalling Construction Company Inc.	\$14,162,263
UIC Construction, LLC	\$14,517,000
Architect's Estimate	\$16,400,000

The Manager recommends award of this project to F&W Construction Company, Inc., for the total bid amount of \$13,373,833, pending the result of the protest period, Federal Aviation Administration grant award, and Assembly appropriation of grant award.

4. Liquor License

a. **NEW Distillery Liquor License #5506 - Amalga Distillery, LLC, Location: 134 N. Franklin Street, Juneau, AK 99801**

This is an application for Juneau's first distillery liquor license. Distillery licenses are governed by AS 04.11.170 as follows:

Sec. 04.11.170. Distillery license.

(a) A distillery license authorizes the holder to operate a distillery where alcoholic beverages are distilled and bottled or barreled for sale.

(b) A distillery license authorizes the holder to sell alcoholic beverages in

(1) quantities of not more than one gallon a day to a person who is present on the licensed premises for consumption off the premises;

(2) any amount to a person who is licensed under this title or in another state or country.

(c) The biennial distillery license fee is \$1,000.

(d) The holder of a distillery license may permit a person to sample small portions of the distillery's product free of charge unless prohibited by AS 04.16.030.

(e) Unless prohibited by AS 04.16.030, a holder of a distillery license may sell not more than three ounces a day of the distillery's product to a person for consumption on the premises if

(1) the distillery does not allow live entertainment, televisions, pool tables, dart games, dancing, electronic or other games, game tables, or other recreational or gaming opportunities on the premises where the consumption occurs;

(2) the distillery does not provide seats at the counter or bar where the product is served; and

(3) the room where the consumption occurs is not open before 9:00 a.m. and serving of the product ends not later than 8:00 p.m.

Staff from the Finance, Police, Fire, Public Works, and Community Development departments have reviewed the above business and found it to be in compliance with CBJ Code. The 60-day comment period for review and local governing body comment ends on August 23, 2016.

In the event the Assembly does protest the issuance of this new liquor license, CBJ Code 20.25 requires notice, with specificity regarding the nature and basis of the protest, to be sent to the licensee and provides the licensee an opportunity to exercise their right to an informal hearing before the Assembly.

The Manager recommends the Assembly waive its right to protest the issuance of this liquor license.

5. Other Items for consent

a. **CBJ Review of State of Alaska - Standard Marijuana Cultivation Facility License #10266 The Fireweed Factory, LLC**

The Alcohol Marijuana Control Office (AMCO) sends local governing bodies notice of Marijuana License applications which allows local governing bodies

the opportunity to protest or waive its right to protest the issuance or renewal of these licenses. CBJ received notice of a State of Alaska Standard Marijuana Cultivation Facility License #10266 from The Fireweed Factory, LLC to be located at 8145 Airport Blvd. Space B, Juneau, AK 99801.

CBJ staff from the Police, Fire, Finance, and Community Development departments reviewed this application for compliance with CBJ laws and regulations and recommend the Assembly waive its right to protest the issuance of this license. As to CDD's recommendation: although the Assembly may protest a license for an applicant's failure to obtain a local license, in this case, even though the applicant does not yet have a local license, CDD recommends allowing the applicant to move forward. The applicant has secured a conditional use permit. Once the CUP is approved and the state license is received, CDD will issue the local license after an inspection. Should the applicant fail the inspection, the local license will not be issued and the applicant will be prohibited from operating in the CBJ despite having obtained a state license.

Due to the large quantity of documents associated with each marijuana license, your paper packets have been limited to the following documents:

- State of Alaska Alcohol & Marijuana Control Office – Initiating License Application #10266 online form
- Form MJ-01: Marijuana Establishment Operating Plan
- Form MJ-02: Premises Diagram
- Form MJ-04: Marijuana Cultivation Facility Operating Plan Supplemental
- CBJ Planning Commission Conditional Use Permit USE2016-0017 Notice of Decision

The full set of documents is available to Assemblymembers electronically using the NOVUS BoardView portal in your online packets. Original paper copies of all the documents relating to this license are available for public review in the office of the Municipal Clerk during regular business hours.

The Manager recommends the Assembly waive its right to protest the issuance of this license.

VIII. PUBLIC HEARING

A. Ordinance 2015-20(AT) An Ordinance Appropriating to the Manager the Sum of \$1,730,000 to Fund the City and Borough of Juneau's Fiscal Year 2016 Public Employee Retirement System Contribution; Funding Provided by the Alaska Department of Administration.

This ordinance would appropriate \$1,730,000 which is the State's FY16 5.19% on-behalf PERS benefit paid for CBJ. Funding is provided by the Alaska Department of Administration which was authorized by passage of HB2001 during the 2015 legislative session.

This is a housekeeping ordinance to properly account for this on-behalf payment and has no impact on the CBJ's finances.

The Manager recommends this ordinance be adopted.

B. Ordinance 2015-20(AU) An Ordinance Appropriating to the Manager the Sum of \$272,105 as Funding to Pay Bond Debt Service, IRS Arbitrage, and as Additional Funding for Various Capital Improvement Projects, Funding Provided by General Obligation Bond Interest Income.

This ordinance would appropriate \$272,105.07 in bond interest income that was earned on general obligation bond proceeds allocated to the projects listed below. The interest income is available to: 1) cover original projects' expenditures, 2) pay bond debt service & IRS arbitrage fees or 3) other eligible Capital Improvement Projects.

Funding provided by unexpended bond interest income from the following capital improvement projects.

Project Name	Amount of Interest
Airport Water/Sewer Ext	\$ 3,243.35
Airport Terminal Expansion	\$ 287.82
Eaglecrest Learning Center	\$ 12,796.83
Juneau Harbors Deferred Maintenance	\$ 17,142.49
Waterfront Seawalk II	\$ 9,588.95
Aurora Harbor Improvements	\$ 20,141.26
Restrooms, Paving, and Concessions	\$ 8,796.11
Dimond Park Swimming Pool	\$ 87,021.94
Centennial Hall Renovation	\$ 7,036.77
High School Mendenhall Valley	\$ 1,428.69
Glacier Valley Renovation	\$ 879.02
Harborview Renovation	\$ 4,093.89
Gastineau Elementary Renovation	\$ 81,941.32
Auke Bay Elementary Renovation	\$ 17,574.89
DZ Roof Replacement	\$ 63.79
Mendenhall River Community School	\$ 67.95
Total to Appropriate	\$272,105.07

The Finance Director recommends the funding be provided to the following funds or capital projects:

Project Name	Amount of Interest
Debt Service/Arbitrage Fund	\$198,903.17
Juneau Harbors Deferred Maintenance	\$ 17,142.49
Dimond Park Swimming Pool	\$ 23,823.62
Gastineau Elementary Renovation	\$ 25,142.43
Auke Bay Elementary Site Renovation	\$ 560.02
DZ Roof Replacement	\$ 1.70
JSD Facilities Reno and Repair	\$ 6,531.64
Total to Appropriate	\$272,105.07

The Public Works and Facilities Committee discussed this action at its June 27, 2016, meeting and recommended forwarding it to the full Assembly for adoption.

The Public Works and Facilities Committee asked Juneau School District staff to investigate whether the remaining \$17,574.89 in the Auke Bay Elementary Renovation CIP was needed to complete work on the school's playground. At this time JSD has sufficient funds to

complete the project and believes the funds would be better allocated to debt service/arbitrage funds.

The Manager recommends this ordinance be adopted.

C. Ordinance 2016-09(B) An Ordinance Appropriating to the Manager the Sum of \$2,250,313 as Funding for the Juneau International Airport Aircraft Rescue and Fire Fighting (ARFF) Building Modifications Capital Improvement Project; Funding Provided by the Federal Aviation Administration and from the Fund Balance of the Juneau International Airport.

The funding to the Aircraft Rescue and Fire Fighting (ARFF) Building Modifications capital improvement project is provided as follows:

Federal Aviation Administration grant:	\$2,200,313
Juneau International Airport (Airport Fund Balance)	\$ 50,000

The FAA funds 93.75% of the project (pending grant award) with the remainder being split between State of Alaska Dept. of Transportation (ADOT) and Juneau International Airport. An ADOT matching grant is anticipated shortly, and reimbursement of the Airport Fund Balance is anticipated in the next Passenger Facility Charge (PFC) application. There is also \$45,879 that was previously appropriated to the project as a match.

The Public Works and Facilities Committee reviewed this action at its June 27, 2016, meeting.

The Airport Board approved this action at its July 7, 2016, meeting.

The Manager recommends this ordinance be adopted.

IX. UNFINISHED BUSINESS

X. NEW BUSINESS

A. Motion for the Assembly to Grant the City Manager Permission to Enter into Direct Negotiations with Alaska Power and Telephone Company for a Lot Line Adjustment to Acquire CBJ Park Property

Lands staff received an application for a negotiated sale under CBJ 53.09.260 from Alaska Power & Telephone (AP&T) to acquire 2,350 square feet of Lena Point Park. This represents less than one percent of the 30 acre park. AP&T purchased the lot adjacent to the park in order to secure a location for a new fiber optic cable. AP&T advises it would be beneficial if the new fiber optic cable was allowed to be partially placed on the adjacent park property. The Lands Committee reviewed this request at its May 16, 2016, meeting and passed a motion of support for the sale.

The Planning Commission reviewed this request at its July 12, 2016, meeting. Although the sale of park property is discouraged by the Comprehensive Plan, the provision of improved high quality data connection for the community is supported by the Comprehensive Plan. The Planning Commission determined that the property could be sold with almost no impact to the park while facilitating a significant public benefit by improving Juneau's data capacity. The Planning Commission adopted a unanimous motion of support for the proposal.

The Parks and Recreation Director supports the proposal, and the Parks and Recreation Advisory Committee (PRAC) has been unable to meet the last two months. The request is timely and requires decision.

Under CBJ 53.09.260, once an application for a negotiated sale is received, the Assembly must decide whether a potential sale should be considered, and if so, directly with the applicant or by competition after inviting further proposals from the public. If the Assembly decides to authorize the Manager to begin negotiating a sales agreement directly with the applicant, the applicant will then need to complete a minor subdivision as part of the process for the lot line adjustment before the sale is finalized.

The Manager requests the authority to negotiate the terms of the lot line adjustment and land disposal.

XI. STAFF REPORTS

A. Juneau Housing Trust Sale of Renninger Lots

XII. ASSEMBLY REPORTS

- A. Mayor's Report
- B. Committee and Liaison Reports
- C. Presiding Officer Reports

XIII. ASSEMBLY COMMENTS AND QUESTIONS

XIV. CONTINUATION OF PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

XV. EXECUTIVE SESSION

XVI. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape containing the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org