SPECIAL ASSEMBLY MEETING
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Meeting Minutes – April 1, 2020

Meeting No. 2020-14: The Special Assembly Meeting of the City and Borough of Juneau Assembly was held in the Assembly Chambers of the Municipal Building, was called to order at 5:30 p.m. by Mayor Beth Weldon.

I. CALL TO ORDER / ROLL CALL

Assemblymembers Present: Mayor Beth Weldon, Wade Bryson, Rob Edwardson, Maria Gladziszewski, Michelle Hale, Alicia Hughes-Skandijs, Loren Jones, Greg Smith, and Carole Triem.

Assemblymembers Absent: None

Staff Present: City Manager Rorie Watt, Municipal Attorney Robert Palmer, Deputy City Manager Mila Cosgrove, Municipal Clerk Beth McEwen, Finance Director Jeff Rogers, and Budget Analyst Adrien Speegle.

II. APPROVAL OF AGENDA

III. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

A. **Telephonic Public Participation**

IV. CONSENT AGENDA

A. Public Requests for Consent Agenda Changes, Other Than Ordinances for Introduction – None.

B. Assembly Requests for Consent Agenda Changes
MOTION by Mr. Jones for the Assembly to accept the Consent Agenda as proposed and asked for unanimous consent.
Hearing no objections, the Consent Agenda is passed with unanimous consent.

1. Ordinances for Introduction

a. Ordinance 2020-08 An Ordinance Establishing the Rate of Levy for Property Taxes for Calendar Year 2020 Based Upon the Proposed Budget for Fiscal Year 2021

This ordinance establishes the mill rates for property taxes for 2020, which funds a significant portion of the City and Borough of Juneau's FY21 operating budget. The Charter requires the Assembly to adopt, by ordinance, the tax levies necessary to fund the budget before June 15.

The mill levies presented in this ordinance support the Manager's FY21 Proposed Budget that will be reviewed by the Assembly Finance Committee. As part of the budget review process, the Assembly Finance Committee will review and recommend, to the Assembly, the final mill levies. The final mill levies must be adopted on or before June 15.

For FY21, the operating mill rate is set to increase by 1.00 mills in Service Areas from FY20, and the proposed debt service mill rate is set to remain unchanged. This ordinance proposes a total mill levy of 11.66; the components of which are:

Operation Mill Rate by Service Area	Millage	Change from FY20 Adopted
Roaded Service Area	2.45	0.00
Fire Service Area	0.31	0.00
Areawide	7.70	1.00
Operating Total	10.46	1.00
Debt Service	1.20	0.00
Total	11.66	1.00

The City Manager recommends the Assembly introduce this ordinance, refer it to the Assembly Finance Committee for further review, and set it for public hearing at the Special Assembly meeting scheduled for April 22, 2020.

b. Ordinance 2020-09 An Ordinance Appropriating Funds from the Treasury for FY21 City and Borough Operations

This ordinance appropriates $423,944,500 in expenditure authority for the City and Borough of Juneau's FY21 operating budget, excluding the School District. It is necessary to appropriate all transfers between funds that support operations, debt service and capital projects as well as the associated expenditures within the funds themselves. These transfers account for $121,919,800 of the FY21 operating budget. The total appropriated expenditure authorization, net of inter-fund transfers, is $302,024,700 million.

This ordinance also recognizes $385,351,500 of projected revenue and transfers-in and decreases fund balances, across all funds, by $38,593,000. The revenue and fund balance draw are sufficient to fund the budgeted expenditures. During the weekly Finance Committee meetings in April and May we will walk through the components of the budget and explain the changes from the prior year.

The Charter requires that a public hearing be held on the FY21 operating budget by May 1, 2020, and adoption by June 15, 2020.

The City Manager recommends the Assembly introduce this ordinance, refer it to the Assembly Finance Committee for further review, and set it for public hearing at the Special Assembly Meeting scheduled for April 22, 2020.

c. Ordinance 2020-10 An Ordinance Appropriating Funds from the Treasury for FY21 School District Operations

This ordinance will appropriate to the School District an FY21 operating budget of $87,337,400. This is an overall decrease in the budget of $1,601,700 from the FY20 Amended Budget. The School District's operating budget is:

General Operations	$71,122,400
Special Revenue (pupil transportation, food service, etc.)	$16,215,000
Total Budget	**$87,337,400**

The FY21 school budget is supported with a combination of funding sources including CBJ local funding of $28,518,600. The local funding consists of: $26,842,100 for general operations, and $1,676,500 for programs and activities outside of the state funding cap. These programs and activities include: $1,181,500 million for student activities, $50,000 for pupil transportation, $50,000 for food service, $95,000 for Community Schools and $300,000 for Kinder Ready. The general operations support is an increase of $64,800 over FY20 Amended. The other program and activities funding is flat to FY20 Amended, for a net funding increase of $64,800.

State statute requires the Assembly to determine the total amount of local educational funding support to be provided and provide notification of the support to the School Board within 30 days of the School District's budget submission. The district's budget was submitted March 27, 2020. To meet this timing provision, it is necessary for the Assembly to determine the amount of funding and provide notice in the month of April. This amount cannot subsequently be reduced, unless the amount exceeds the State funding CAP, but it can be increased. If the Assembly does not set the amount and furnish the School Board with notice within 30 days, the amount requested by the School District is automatically approved. By Charter, the Assembly is required to appropriate the School District's budget no later than May 31, 2020.

On April 22, 2020, a meeting is scheduled for the Assembly to state, by motion, the amount of local funding to be provided to the School District.

The City Manager recommends the Assembly introduce this ordinance, refer it to the Assembly Finance Committee for further review, and set it for public hearing at the Special Assembly Meeting scheduled for April 22, 2020.

2. Resolutions

a. Resolution 2877 A Resolution Adopting the City and Borough Capital Improvement Program for Fiscal Years 2021 through 2026, and Establishing the Capital Improvement Project Priorities for Fiscal Year 2021

This resolution would adopt the Capital Improvement Program (CIP) for Fiscal Years 2021 through 2026, as required by Charter Section 9.4, and lists the capital projects that will be initially appropriated by ordinance in FY21.

The Public Works and Facilities Committee (PWFC) reviewed the preliminary CIP resolution and its meeting on March 2, 2020, and forwarded the plan to the Assembly.

The City Manager recommends the Assembly introduce this resolution, refer it to the Assembly Finance Committee for further review, and set it for public hearing at the special Assembly meeting scheduled for April 22, 2020.

V. ITEMS FOR RECONSIDERATION

Emergency Resolution 2888: An Emergency Appropriation Resolution Appropriating $3,000,000 to the Manager for Small Business Loans Administered by the Juneau Economic Development Council Related to COVID-19.

MOTION by Ms. Gladziszewski for the Assembly to take up Emergency Resolution 2888 for reconsideration and asked for unanimous consent. *Hearing no objections, the motion passed with unanimous consent.*

Ms. Gladziszewski said that she appreciated the additional time for review and that she emailed her proposed amendments, suggested by the Juneau Economic Development Council (JEDC) to the City Attorney and Clerk for distribution to the Assembly. She hoped all Assemblymembers received the emailed copies of her proposed amendments. She also noted that JEDC Executive Director Brian Holst was present and could answer questions or provide clarification on the amendments or the proposed loan program.

Amendment #1: Section 3(a).
This amendment would add a sentence at the end of Section 3(a) that states: "The absence of state or federal assistance does not absolve the business owner for the responsibility to repay the loan." Ms. Gladziszewski stated that this addition is due to new state requirements that are different than they were last week when this was drafted.

Mr. Holst said that JEDC is not completely clear yet on whether or not the bridge loans can be used to pay for this but believes that this added line will help clarify the intent of the program.

MOTION by Ms. Gladziszewski to adopt Amendment #1 as noted above , and asked for unanimous consent.
Hearing no objections, Amendment #1 passed with unanimous consent.

Amendment #2: Section 3(c)(3).
MOTION by Ms. Gladziszewski to adopt Amendment #2 that would add an additional two sentences to Section 3(c)(3) that state: "Loans may be made in one or two disbursements. The second disbursement will be subject to basic assessment of borrower's capacity to pay/financial need."

Ms. Gladziszewski explained that this addition is an attempt to get money out quickly to businesses. Some amount could be disbursed quickly, and then have some time to further review the business viability and plans to pay it back.

Mr. Holst added that he also believes that these additional sentences meet the intent to move quickly, yet also ensuring that they do not disperse more money than a company needs or could handle and that it is trying to protect the city's resources.

Mr. Jones had concerns regarding the amendment. He stated that this amendment indicates that JEDC believes there could be money left over after the first round of applications, which is something Mr. Jones says he disagrees with. He does not think that there will be money left over, unless the loan committee restricts how much money is being given. Mr. Jones said that he will not support this amendment because he thinks that if a business applies for the full loan amount and has the justification for it, then that amount should be loaned out.

Mayor Weldon shared Mr. Jones' concerns and she had a similar question. She asked if a business applies for the full loan amount, what would be the amount they would receive in return?

Mr. Holst clarified that the loan amounts do not change. He said the intent of the amendment would be to create an expedited process in which companies met the basic requirements, JEDC would make a quick disbursement of a relatively low amount almost immediately. If businesses needed more assistance, JEDC would request for them to send additional documentation justifying their need, and then make another disbursement a few days later.

Mr. Bryson asked Mr. Holst if there was a reason why they would not receive all of the pertinent information in the initial loan application process to determine the required amounts. Mr. Bryson said that this process is a redundant waste of time, and subjects severely impacted businesses to unnecessary hoops to go through in this process. Mr. Bryson did not support this amendment, and stated that it causes more harm to the businesses that they are trying to help. He asked that they rescind this amendment.

Ms. Gladziszewski explained that loans are usually subject to some assessment of their borrower's ability to pay back the loan. This is an attempt to make this process easy to receive a smaller amount of money quickly, and then follow that with further due diligence at the disbursement of the second payment. She stated that this is not making businesses go through the process twice, but rather it is giving businesses an easier path to a smaller amount of money. She added that CBJ has limited resources and will receive a lot of financial demands and she sees this as an attempt to use these resources wisely.

Mr. Palmer told the Assembly that if Amendment #2 is adopted, then there will need to be an additional amendment to clarify how much money can be provided in the first loan amount.

Mr. Holst said that each business which applies for this program will need to submit a complete application, an application which will take some time to process and review. He explains that the intent behind this amendment is that immediately upon applying, businesses that meet the minimum requirements will receive a smaller payment. This gives JEDC time to analyze the applications, and businesses that need more than the initial, smaller loan disbursement will be able to receive more funds in the second disbursement. He clarified that it does not subject businesses to a slow or repetitive process.

Ms. Triem asked Mr. Holst to give specific numbers on the initial loan payment amounts. Mr. Holst responded that businesses with ten employees or less will receive $7,500, and businesses with more than ten employees will receive a minimum of $10,000. These payments would be received after meeting the basic requirements of the program. Ms. Triem expressed concern about the basic requirements, saying that it is not the responsibility of the JEDC to add requirements to the loan program that the Assembly is discussing. She added that the Assembly never intended for the JEDC to create requirements in addition to the ones that they already discussed.

Mr. Jones had a similar question to Ms. Triem's asking Mr. Holst what the requirements were, beyond what was already in the ordinance. Mr. Jones objected to this amendment, and questioned what other requirements this amendment goes beyond.

Mr. Holst answered that JEDC is not making any additional requirements, rather they would be using the information collected from the application to determine the appropriate loan size.

Mr. Smith commented that he was glad to see some requirements being put in place, and he would support this amendment.

Mr. Jones asked for clarification on the process of disbursement and questioned why JEDC would initially give a business only $7,500 at first, instead of giving them the entire loan that they qualify for.

Mr. Holst said that JEDC is assuming in good faith that every business who applies for the program will meet the minimum requirements to receive the smaller amount in the initial disbursement. He said that it is the larger amount which will undergo further review and analysis, repeating that this process will not require businesses to apply multiple times.

Mayor Weldon told Mr. Holst that she assumed that there would be fiduciary oversight of this process, and asked him how long he thinks this assessment would take.
Mr. Holst said that he would like this process to move as quickly as possible, but the timing of this process depends on the businesses who apply. He said it would be a pretty simple process, and that JEDC will ask for things like financial statements, tax records, and a schedule of debts. Mr. Holst stated that JEDC will be trying to determine each

business and their ability to pay. Approval of applications and initial disbursements could be done within a day. After which, it would be up to the business to complete and provide the additional required documentation, and that process could take a few days for the JEDC to analyze. Without knowing the number of businesses that will be applying, Mr. Holst said he is hesitant to provide any exact estimates on timing; but he anticipates that several applications could be assessed per day.

Roll call vote on Amendment #2 for Resolution 2888:
Ayes: Edwardson, Gladziszewski, Hale, Hughes-Skandijs, Smith, Weldon
Nays: Bryson, Jones, Triem
Motion passed. Six (6) Ayes, Three (3) Nays.

Amendment #3 – Section 3(c)(8).
MOTION by Ms. Gladziszewski to adopt Amendment #3 that would delete the reference that states that businesses must make a good faith effort to maintain payroll that existed prior to the COVID-19 pandemic. Ms. Gladziszewski explained the intent behind this amendment is to give businesses the opportunity and freedom to make financial decisions that would be best for their business.

Mr. Holst said that the recently enhanced federal unemployment benefits may be potentially better for the employee and for the business. He said that his goal is to keep as many small businesses in existence, so that when recovery comes, businesses will be ready to bring back their employees.

Objection by Ms. Triem who said that it was not required of businesses to make good faith effort to maintain payroll. This specific condition was suggested to her by the Executive Director of the Alaska Small Business Development Center.

Ms. Gladziszewski responded that this amendment was a recommendation from the JEDC board at their meeting this week.

Mayor Weldon also objected saying she did not wish to suggest that people go get unemployment instead of working.

Ms. Hughes-Skandijs expressed support for the amendment, saying she has spoken with many business owners in the community and believes that this could help protect businesses.

Roll call vote on Amendment #3 for Resolution 2888:
Ayes: Edwardson, Gladziszewski, Hale, Hughes-Skandijs, Smith
Nays: Bryson, Jones, Triem, Weldon
Motion passed. Five (5) Ayes, Four (4) Nays.

Amendment #4 – Adding Section 12 to Resolution 2888:
MOTION by Ms. Gladziszewski to adopt Amendment #4 that would add a new section, Section 12, to Resolution 2888. Ms. Gladziszewski explained that this additional section

would be called “Program Modifications” and have the first sentence read: “JEDC in coordination with the Manager may create additional financial assistance mechanisms with these resources. This is with the intent to aid businesses who have been impacted by COVID-19.” She says that the intent of this amendment is to be flexible with the constant and daily changes that are occurring in the world.

Mr. Holst added that this amendment would be a good tool for the business community, and allows for JEDC to work with the City Manager to make adjustments to the program whenever necessary.

Mayor Weldon asked Mr. Holst what he means by “additional financial assistance mechanisms”, saying that it sounds vague. Mr. Holst said that it is unknown at this time what that could mean, and suggested it could mean furthering resources or allowing access to other resources.

Mr. Palmer says that this question is important, and he believes that this particular amendment is too vague to be used. He added that if this amendment is to be considered, then “financial assistance mechanisms” needs to be explicitly described.
Ms. Gladziszewski replied that she intended to make a separate amendment that clarified the intent of this amendment, and asked if it would be better to combine the two.
Mr. Palmer answered that he does not know if the second sentence relates to the first sentence at all.

Mayor Weldon told Mr. Holst that he would need to have a definition of “additional financial assistance mechanisms” in order for this amendment to be considered.

Mr. Jones said that, given the vagueness of “additional financial assistance mechanisms” it could be comparative to a grant program. He added that any financial assistance mechanism outside of a small business loan does not fit the title of the chapter or the resolution.
Ms. Gladziszewski withdrew Amendment #4.

Amendment #5 – Section 1 Sentence and new Section 12.
MOTION by Ms. Gladziszewski to adopt Amendment #5 that would add two additional sentences to Section 1. The proposed language reads as follows: “The manager shall disburse $1 Million upon execution of the loan agreement with JEDC. Prior to releasing the remaining appropriation, the Manager shall provide an update on the loan program’s effectiveness to the Finance Committee or Assembly.” She also proposes a new Section, Section 12, about Program Modifications. This additional section would state: “After reviewing the effectiveness of the first $1 Million loan, the Manager shall adjust the loan conditions to improve the program’s effectiveness.” She says that the intent behind this would allow for the Manager to work with JEDC to make the first million dollars of the program readily available. She added that this also gives an opportunity for JEDC to work with the Manager as conditions of the world and the needs of the community continue to change.

Ms. Triem asked for Ms. Gladziszewski to clarify the intent.
Ms. Gladziszewski responded that the intent was to try to make it not contingent upon future Assembly approval, and to respond to fiduciary responsibility she has with the limited resources available. She added that if there is any confusion about the language used, then it can be clarified if needed.

Mr. Bryson asked about the way this amendment was worded, and asked if it intends to appropriate $3 Million or $1 Million.
Mr. Palmer responded, explaining that there would be an appropriation of $3 Million. The first $1 Million would be released upon reaching an agreement with JEDC, and the remaining $2 Million is encumbered for this appropriation and would be released after the first million is reviewed.
Mr. Bryson asked if the review of the first million be referred to the full Assembly, and suggested to change the word in Section 12 from "The Manager shall adjust the loan conditions…" to "The Manager *may* adjust the loan conditions…"

Objection by Mayor Weldon and said that the reason this resolution was being considered is because it is nimble and quick. She added that the Assembly came up with $3 Million to help around 100 businesses, and $1 Million would not be enough to help. Many businesses are already seeking to apply, and if the one million runs out, it would require another meeting to give more money to businesses. She said that this process does not move quickly as intended, and brings unneeded bureaucracy into the world of business. Mayor Weldon stated that she is against this amendment, and if it passes she would most likely oppose the Resolution.

Ms. Hale asked if Ms. Gladziszewski would be open to removing the language prior to releasing the remaining appropriation, or replacing the language with "as soon as possible".

Ms. Gladziszewski responded that she is trying to get a "yes" on this, and says that there should be some minimal level of review and fiduciary responsibility with the limited resources available and she would prefer that the amendment remains as-is.

Mr. Smith asked the City Manager what his course of action would be within this amendment. Mr. Watt said that he would come back to Assembly as expeditiously as possible.

Mr. Edwardson opposed this amendment, stating that in a situation in which 50-75 businesses applied, the CBJ would then be unintentionally picking the winners and the losers. He appreciates the effort, but believes this amendment could be working against the intent of the resolution itself.

Mr. Smith expressed concerns about this resolution and the city's limited resources. He said that he has spoken to local business owners, and has not received a message from them that said "do this now". He believes that the Assembly should slow down at some point, and that $1 Million is a good start to support small businesses. He added that if applications rise on Day 1, then they could call a Special Assembly meeting to address it then. Mr. Smith says, without a "pump the brakes" measure in place before they get up to $3 Million, he would not support the Resolution at all. He supports this amendment.

Ms. Triem said that this amendment waters down the resolution to the point of not being effective. She said that the whole point of taking local government action on this issue was that they have the added advantage of speed and while she understands the concern of preserving their resources, this amendment makes this loan program worth less in comparison. She does not support this amendment.

Ms. Gladziszewski stated that the Chamber has not had time to take a position on this. To her, that signals that the Assembly is moving faster than the united business community, and would appreciate some oversight and review.

Mr. Bryson said that he has communicated with several business owners, some of whom are desperately in need of this program. He asked that the Assembly listen to the needs of the business owners who are the most desperate for this program. He agreed that if the program goes down to $1 Million, it would only be beneficial to about a dozen businesses. This adds additional unnecessary hoops for business owners to jump through. He agreed with Ms. Triem that the more restrictions that are put in place for this loan program, the less worth it has.

Mayor Weldon told Ms. Gladziszewski that she appreciates trying to get to "yes", however this amendment takes the legs out from underneath this resolution. She added that there is a brake installed, referencing how the Assembly had just approved for the JEDC to release an initial disbursement, and then assess the effectiveness of a second one. Mayor Weldon also expressed that she understands how difficult it is to pay bills and to have enough money in the bank, and delaying this process with this amendment defeats the purpose of the program.

Roll call vote on Amendment #5 for Resolution 2888:
Ayes: Gladziszewski, Hale, Hughes-Skandijs, Smith
Nays: Bryson, Edwardson, Jones, Triem, Weldon
Motion failed. Four (4) Ayes, Five (5) Nays.

Amendment #6 – New Section 3(c)(13)
MOTION by Mr. Bryson to adopt Amendment #6 that would allow for the proceeds from the loan repayments go towards paying back the restricted budget reserve. As they are using the restricted budget reserve to fund this program, the funds that are paid back should go back into the restricted budget reserve.

Mayor Weldon asked Mr. Palmer if that was already the intent of the funds.
After consulting with Mr. Rogers, Mr. Palmer said that provision could be added, but it is not legally needed because it is implicit in the intent of the Resolution.
Amendment #6 was withdrawn by Mr. Bryson.

Amendment 7: Section 3(c)(6)
<u>MOTION</u> by Ms. Hale to adopt Amendment #7 to clarify Section 3(c)(6) where it states "…the business has a physical presence in Juneau, Alaska…" to "…the business *had* a physical presence in Juneau, Alaska as of January 1, 2020…" and she said the intent behind this change is to not create a loophole with broad language.

Mayor Weldon suggested adding "…and still has a physical presence in Juneau, Alaska". Ms. Hale agreed with Mayor Weldon.

Ms. Triem suggested changing the date from January 1, 2020 to March 1, 2020. Mayor Weldon and Ms. Hale agreed with Ms. Triem's date change suggestion. *Hearing no objections, Amendment #7 as modified by Mayor Weldon's and Ms. Triem's changes passed with unanimous consent.*

Ms. Hughes-Skandijs said that she had been thinking about Amendment #5, and thought that speed was the heart of the issue. She asked if the Assembly would be interested in finding a happy medium and if they would be willing to change the overall amount to $2 Million instead of $3 Million. Mr. Palmer said if this motion was made, that item could not be acted on tonight, it would have to be reintroduced at another meeting. Ms. Hughes-Skandijs asked if she could introduce it tonight as an amendment. Mr. Palmer responded that she could introduce it as an amendment, he would just need to change the title and re-notice it for another meeting.
Amendment #8 – Changing the amount to $2 Million.
<u>MOTION</u> by Ms. Hughes-Skandijs to adopt Amendment #8 that would strike $3 Million and replace it with $2 Million in all parts of the Resolution.

Objection by Mr. Jones who said he believes $2 Million is not enough and it is not necessary.

Objection by Mr. Bryson who agreed with Mr. Jones and believes that this reduces the help that they are trying to give to the business community. He added that they took the responsibility of closing Juneau businesses, and now they need to take the responsibility of helping Juneau businesses.

Objection by Mr. Edwardson. He believes that there will be a need based on the public input they've received, and agreed with Mr. Bryson.

Objection by Ms. Triem. She believes pushing this issue to another day, another meeting would not be a good idea. She agreed with the other Assemblymembers who spoke on their objections.

<u>Roll Call vote on Amendment 8:</u>
Ayes: Gladziszewski, Hughes-Skandijs, Smith
Nays: Bryson, Edwardson, Hale, Jones, Triem, Weldon
Motion failed. Three (3) Ayes, Six (6) Nays.

<u>Roll Call vote on Resolution 2888 as amended:</u>
<u>MOTION</u> by Ms. Gladziszewski for the Assembly to adopt Resolution 2888 as amended.
Hearing no objections, Resolution 2888 was adopted as amended by unanimous consent.

VI. ADJOURNMENT

There being no further business, the meeting was adjourned at 7:01 p.m.

Clerk's Note: Special Thanks to Lacey Davis from the Juneau Public Libraries for her work on preparing these minutes for approval.

Signed: ______________________	Signed: ______________________
Elizabeth J. McEwen	Beth A. Weldon
Municipal Clerk	Mayor