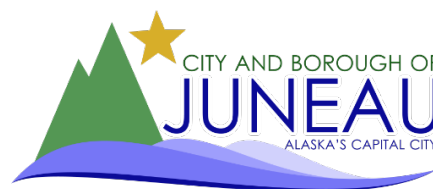


ASSEMBLY COMMITTEE OF THE WHOLE WORKSESSION **DRAFT** MINUTES

June 05, 2023 at 5:00 PM

Assembly Chambers/Zoom Webinar



A. CALL TO ORDER

Deputy Mayor Maria Gladziszewski called the meeting to order at 5:00p.m.

B. LAND ACKNOWLEDGEMENT

Mr. Bryson gave the following Land acknowledgement: "We would like to acknowledge that the City and Borough of Juneau is on Tlingit land and wish to honor the indigenous people of this land. For more than ten thousand years, Alaska Native people have been and continue to be integral to the well-being of our community. We are grateful to be in this place, a part of this community, and to honor the culture, traditions, and resilience of the Tlingit people. Gunalchéesh!"

C. ROLL CALL

Assemblymembers Present: Wade Bryson, Michele Hale, Alicia Hughes-Skandijs, Carole Triem, Christine Woll, 'Wáahlaal Gídaag, Maria Gladziszewski, Greg Smith (arrived at 5:11p.m.), and Mayor Beth Weldon

Assemblymembers Absent: None

Staff Present: City Manager Rorie Watt, Deputy City Manager Robert Barr, City Clerk Beth McEwen, Deputy City Clerk Diane Cathcart, Acting City Attorney, Sherri Layne, Assistant Municipal Attorney Emily Wright, Engineering and Public Works Director Katie Koester, Finance Director Jeff Rodgers, Law Office Manager Deb Senn

D. APPROVAL OF AGENDA – *Approved as presented.*

E. APPROVAL OF MINUTES

1. November 7, 2022 Draft COW Minutes

MOTION by Ms. Gladziszewski to approve the November 7, 2022 minutes and asked for unanimous consent.

Hearing no objection, the minutes were approved by unanimous consent.

F. AGENDA TOPICS

2. City Hall & Bonding

Mr. Watt provided an overview to the Assembly of city hall needs, as contained in his memo. He said there were two specific items the Assembly would vote on at the next Assembly meeting; an appropriation of \$10 million to a City Hall Capital Improvement Project (CIP) and an appropriation of \$50,000 to advocate for a ballot proposition for a new city hall.

Mr. Watt noted that last year's failed vote on the city hall proposition was very close and none of the issues that lead to the need for a new city hall have abated. He cited new examples of deteriorating conditions since that vote, including an expected OSHA fine for CBJ for inadequate working conditions in the Marine View building and the Sealaska Heritage Institute purchasing the Municipal Way building and eventually not renewing the lease. Mr. Watt said that in terms of timing, he advocates for putting the issue back on the ballot. He said using a design build method may help maximize what CBJ needs from the building without escalating the cost. He also said that appropriating money for city hall in the CIP project would allow the General Obligation (GO) bond to be lower

than the previous failed attempt. Mr. Watt said that he believed an appropriation for advocacy was proper because the line between advocacy and information is narrow and this appropriation would provide legal security for CBJ. Lastly, he said that when voters reject a project it does not mean no forever; instead it means that CBJ did not get it right that time.

Ms. Triem asked for more information about the advocacy budget. Mr. Watt said the funding for advocating for new city hall was already in the manager's budget but they are looking for a specific ordinance to call out that effort.

Mayor Weldon asked about lease costs and other associated costs. Mr. Watt said CBJ's current lease costs are approximately \$820,000 per year, plus the cost to maintain the current city hall. He said that for a new building there will be maintenance costs on that new building, debt issuance, utilities, plus the cost of disposing of the current city hall. He noted that some costs would increase, and some would decrease.

Mayor Weldon asked for more information about the OSHA fines. Mr. Watt said the water is frequently turned off and they have to send city employees home. He emphasized that the Marine View building has fallen below professional standards.

Mr. Smith asked if the building could cost less than \$45 million dollars. Mr. Watt said that was a decision to be made by the Assembly – they could remove the underground garage, have a separate Assembly Chambers, or provide additional changes. Mr. Watt said that appropriating \$10 million dollars into the project outside of the GO bond would allow voters to pay less in property taxes. He also said that inflation and pricing for construction is high right now, with the supply chain being disrupted and the ability to lock in prices in the future limited.

Mr. Bryson asked when an appropriate time would be to suggest changes to the building. Mr. Watt said that if the changes would reduce the amount below \$27 million, then tonight would be preferable as it would need to be introduced no later than July 10th to go on the ballot.

Mayor Weldon asked about debt service. Mr. Rogers said that CBJ could bond about \$50 million dollars in the next two years without affecting the debt service mill rate, as debt continues to be paid off. He said another way to think about it is that every \$10 million of debt issued for 25 years at 4% costs about 1/10th of one mill.

MOTION by Mayor Weldon authorizing an ordinance for the issuance of general obligation bonds and the principal amount not to exceed \$27 million dollars to finance construction and equipping of a new City Hall for the City and Borough of Juneau and submitting a proposition to the voters at the election to be held on October 3, 2023 and asked for unanimous consent.

OBJECTION by Mr. Bryson for purposes of an amendment.

AMENDMENT #1 to reduce the principal amount to \$23 million, the \$4 million coming from the reduction of the underground parking garage.

In speaking to his amendment, Mr. Bryson said he believes that parking is critical downtown but that reducing the scope of the project is important, as this proposition was voted down last year. He said no other reduction in scope is so large and he did not want to jeopardize not getting the building due to the parking issue.

Ms. Hale said she believes the Assembly has already reduced the cost for the voters by appropriating \$10 million separately. She said that real estate downtown is precious, and they rarely have the opportunity to build and put parking underneath.

Ms. Triem appreciated both points of view. She said that CBJ will be in business in perpetuity and that having parking is better in the long run for a new City Hall.

Mr. Smith asked how many parking spaces would be under the building. Ms. Koester said there were 38 spaces in the original design.

OBJECTION by Ms. Hughes-Skandijs on the amendment. She said she does not believe that \$4 million will change someone's mind about voting for or against the project, and that they should focus on convincing more voters that building a new City Hall is in the best interests of the people.

Mr. Smith asked if the amount of the GO bond could be reduced later in the process. Ms. Layne said if they wanted to change the title, it would need to be reintroduced. Ms. Layne said that last year they introduced two ordinances with different amounts, then followed through with one.

Roll Call Vote on Amendment #1

Yeah: Ms. Bryson

Nay: Ms. Hale, Ms. Hughes-Skandijs, Mr. Smith, Ms. Triem, Ms. Woll, Ms. Gladziszewski, Mayor Weldon

Amendment #1 failed, 1 Yeah/8 Nays

Hearing no objection, the motion to introduce an ordinance for \$27M GO Bond passed by unanimous consent.

MOTION by Mayor Weldon to draft an ordinance authorizing the manager to advocate and provide public information regarding the need for a new city hall, including the dissemination of information that may influence the outcome of a future ballot initiative and asked for unanimous consent.

Hearing no objection, the motion carried by unanimous consent.

3. Juneau Commission on Sustainability (JCOS) Presentation

Juneau Commission on Sustainability (JCOS) Chair Gretchen Kaiser and energy subcommittee chair Steven Behnke provided a presentation to the Assembly about the history of Juneau's climate action, current energy and greenhouse gas (GHG) inventory analysis, JCOS recommendations, and community actions.

Ms. Kaiser said that the first greenhouse gas emissions study was in 2007, a second in 2011, and a third in 2021. Mr. Behnke said that from 2010 to 2021 there was a 28% reduction in emissions, but qualified that number by saying they do not know much about the in-between years, so it was unknown if that reduction took place steadily over time or dipped precipitously in 2021 with minimal tourism and COVID impacts. He said that the report showed that buildings are the major user of energy in the community, followed by transportation, and mining. He said that approximately 27% of our energy comes from renewable electricity and the remaining 73% comes from greenhouse gas emitting fuels. He noted that cruise ship emissions are not included in this analysis.

The presenters highlighted different ways for the community to reduce GHG: more efficient use of current energy sources, electrification, reducing dependence on automobiles, supporting infill development, and composting organic waste.

Ms. Kaiser talked about some of the actions CBJ has already taken to reduce energy usage including a 2020 bond for energy efficiency upgrades to city facilities, purchasing passenger EVs, and electric buses.

Mr. Behnke provided an overview of suggestions that JCOS will be looking at, refining, and bringing back to the Assembly, including: additional greenhouse gas emission analysis, incorporating climate energy priorities into the CIP and budget, supporting community transit, implement bike and pedestrian improvement, expanding the public EV charging network, dock electrification, incorporating energy efficiency into affordable housing actions, partnership with Alaska Heat Smart and other weatherization and state programs, developing clean energy financing options, updating the Juneau Climate target to meet or match national goals of a 50% reduction in greenhouse gas emissions by 2030, adopting a zero emission municipal fleet policy, school bus electrification, new standards for municipally owned buildings, updating building codes to include stricter energy standards, and creating a commercial building energy code

The Assembly asked questions to the presenters.

The Assembly took a break at 6:53 and resumed at 7:03p.m.

4. Short Term Rentals - Common Regulatory Options

Mr. Barr provided a memo in the packet. He said the Manager's office is looking for direction from the Assembly on whether they should prepare a slate of regulatory options for consideration soon, and if so, what direction those regulations should take. He also said that the Assembly had a short-term registration ordinance on the agenda for the following Monday, and if that passed then they would probably have better data for analysis and options in 8 to 12 months. He provided various pros and cons of regulation sooner and later.

Mr. Smith disclosed that he runs a seasonal short-term rental from his primary residence and that he had discussed this with the City Attorney, and due to the broad nature of the issue he does not believe there is a conflict of interest.

Mr. Bryson disclosed that he has property that he is considering turning into a short-term rental but does not have any short-term rentals at this time. Mr. Bryson asked if Juneau is experiencing a growth in short-term rentals. Mr. Barr said that the answer is complicated and difficult, but their best guess is that there is an increase of 8-12 short-term rental units per month.

Ms. Triem said she would like to get something in place now; she said she liked the idea of using regulations more than zoning rules as a framework for regulating short-term rentals. She said she does not like the idea of a cap on the total number of short-term rentals, as that increases the value to everybody who already has one before the cap is instituted.

Ms. Woll said she would also like to have regulations in place soon. She asked about the process for making short-term rental decisions and suggested that this might be the case where a community driven process is better suited for helping make these decisions. Mr. Barr said that regulations done in the regular method might not be the best method for this topic, as it will probably have broader community interest.

Ms. Hughes-Skandijs said she would like to see a slate of regulatory options to allow the Assembly to look at a variety of options. She said she was interested in looking at caps, limiting to a primary residence, limitations on the number that an individual could operate, permit fees, and addressing whether these items would roll over if the property was sold.

Mayor Weldon said this topic will be very tricky. She said she was interested in limitations on the number of short-term rentals by an individual or business and a limit on the number of units in a building that may be permitted as a short-term rental.

Ms. Hale said she would like a round-table public worksession to start the public process.

Mr. Smith asked if it was legal to limit short-term rental owners to Alaska residents. Ms. Layne said that it appears to be legal to limit short-term rental ownership to state residents only, but that it might not be legal to restrict it to CBJ residents only. She said the Law Department would need to look at case law and challenges. She said this area of law is complicated, and they are waiting to receive direction from the Assembly to help narrow their research.

Mr. Smith asked about grandfathering in units and how other communities have dealt with this issue. Mr. Barr said that a common method is an annual permit system, but that there is a lot of variation in how those communities institute the permit. He said some are first come, first serve; some are tiered structures that incentivize the type of short-term rentals found to be more appealing for a public purpose. He said he has seen communities that grandfather in all existing short-term rentals and place caps on new ones.

Ms. Hughes-Skandijs asked if any community has a lottery system. Mr. Barr said he has not seen that one.

Ms. Triem said that other communities have regulations that address the impacts of poorly behaved guests. She asked if that was an issue in Juneau. Ms. Gladyszewski said that when she was on the Planning Commission there was lots of controversy over bed and breakfasts. Mr. Barr said that he has received one complaint about a bed and breakfast during this conversation about regulations of short-term rentals.

Mr. Smith said that there are very important community uses of short-term rentals, such as for traveling nurses. He asked how the Assembly protected desired usages. Mr. Barr said that most communities define a short-term rental to be anything less than 30 days, while other communities use anything less than 6 months. Mr. Barr said the Assembly could set the definition, and it could be less than 30 days, which might prioritize medium-term rentals to seasonal workers.

Ms. Triem noted that short-term rental is defined as less than 30 days in the property tax code.

Ms. Hale asked if there was a way to exempt seasonal workforce housing. Mr. Barr said the best way would be through defining a short-term rental appropriately, as other methods might not provide the legal standard of equal and fair treatment for all.

Ms. Gladyszewski said there seemed to be some consensus on short-term housing regulations happening sooner rather than later and that they would like to see a variety of options.

Mr. Barr said that his next steps will be looking at whether they should have a program and how to administer any program that is decided upon. Mr. Barr said that his goal is to give the Assembly a fairly limited slate of options that are relatively simple and easy to implement, and modify them as directed by the Assembly. He said that the Assembly will want to revisit options again as the housing market changes and more input is received from the public.

Ms. Gladyszewski said the other thing the Assembly needed to agree upon was the reason why they were doing this, which is to help the housing market and affordability.

Mr. Bryson said that he agreed that CBJ needed to register short-term rentals and make sure they are not displacing residents. He cautioned the Assembly that they are about to begin on a process of telling people what to do with their property that they own, and cautioned that it is a slippery slope.

Mr. Smith said that short-term rentals provide a chance for everyday people to benefit economically. He said it is problematic when people purchase a house specifically to use as a primary business, compared to people who are supplementing their income.

G. NEW BUSINESS

H. UNFINISHED BUSINESS

I. STAFF REPORTS

5. October 3, 2023 Municipal Election Quick Reference Dates

Ms. McEwen said this was included in the packet so the Assembly would know how much time they had to bring forward ordinances for the October election.

J. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

Mayor Weldon congratulated Mr. Barr for being on the Governor's task force on childcare.

Ms. Triem noted that there will be a Finance Committee meeting at 6pm on Wednesday. She said this will be Mr. Roger's last Finance Committee meeting and encouraged everyone to wear one dangly earring or dress in drag.

K. NEXT MEETING DATE

6. Next Meeting Date: June 26, 2023, 6:00 p.m.

L. SUPPLEMENTAL MATERIALS

M. ADJOURNMENT

Having no further business, the Assembly Committee of the Whole adjourned at 7:41pm.