ASSEMBLY COMMITTEE OF THE WHOLE *DRAFT* MINUTES

September 26, 2022 at 6:30 PM

Assembly Chambers/Zoom Webinar/YouTube Livestream

Immediately following adjournment of the Special Assembly Meeting
https://juneau.zoom.us/j/95424544691 or 1-253-215-8782 Webinar ID: 954 2454 4691

I. CALL TO ORDER

The Assembly Committee of the Whole Meeting, held in the Assembly Chambers and broadcasted virtually via Zoom immediately following the Special Assembly Meeting 2022-23, was called to order by Deputy Mayor Gladziszewski at 6:29 p.m.

II. ROLL CALL

Assemblymembers Present: Mayor Weldon, Deputy Mayor Gladziszewski, Wade Bryson, Michelle Hale, Alicia Hughes-Skandjis, Greg Smith (via Zoom), Carole Triem, Christine Woll, ‘Wáahlaal Gíidaak (via Zoom)

Assemblymembers Absent: None

Staff Present: Deputy City Manager Robert Barr; Municipal Attorney Robert Palmer; Municipal Clerk Beth McEwen; Deputy Clerk Diane Cathcart; Lands Manager Dan Bleidorn; Planning Manager Scott Ciambor; Assistant Municipal Attorney Adam Gottschalk; Finance Director Jeff Rogers

III.APPROVAL OF AGENDA

Hearing no objection, the agenda was approved as presented by unanimous consent.

IV. AGENDA TOPICS

A. Ordinance 2022-06(b)(P) Gastineau Lodge Apartment Update

Mr. Palmer explained that Ordinance 2022-06(b)(P), a loan of $700,000 to Gastineau Lodge Apartments was before the Assembly again because the ordinance inadvertently included the abbreviation “LLC” in the title and throughout the text. He explained that the way the ordinance was originally drafted was that, should it pass, the CBJ would loan the money to a partnership. In a partnership arrangement the individuals receiving the loan would be personally liable if something moves into default; with an LLC the individuals receiving the loan would not be personally liable and risk shifts from the individuals to the CBJ. Mr. Palmer said the Assembly needed to decide if they were comfortable with the increased risk, in which case

LLC could remain in the title, or if the Assembly was not comfortable with that risk, LLC would need to be removed from the title and the Ordinance would need to be reintroduced.

Ms. Gladziszewski asked if this group was currently an LLC. Mr. Palmer said they were not, but that becoming an LLC is a relatively short process.

Ms. Hale asked if Mr. Palmer knew the preferences of Gastineau Lodge Apartments. Mr. Palmer said he believed the intent of the company was to use an LLC. Ms. Hale pointed out that the Gastineau Lodge Apartments is a partnership between an LLC and an individual.

[Clerk's Note: Ms. Triem stepped left the meeting at 6:33p.m. to attend to the Gastineau Ave. slide event.]

Mayor Weldon said that it was her intent to provide the loan to a partnership and not to an LLC.

MOTION by Mayor Weldon to amend Ordinance 2022-06(b)(P) by striking "LLC" throughout the ordinance and to make sure that it is a partnership throughout the ordinance between the partnership of the other LLC, Mr. Trucano, and CBJ.

OBJECTION Mr. Bryson objected for the purpose of a question. He asked if changing the loan terms so that the individuals would be personally responsible would change their interest in receiving the loan.

Ms. Gladziszewski asked staff if they had the answer to Mr. Bryson's question. Mr. Barr said that only the applicants could answer those questions.

Mr. Steven Soenksen, manager of the Gastineau Lodge Apartments, was present via Zoom, and stated that Mr. Palmer didn't have it quite right. He said they had formed an LLC about a year ago and had applied for this loan as a single entity LLC.

Mr. Soenksen continued to answer questions from the Mayor and Assemblymembers regarding the status of the entity as an LLC vs. a partnership as well as the status of the land as collateral with this loan.

Mr. Bryson r asked if they will go forward with the loan if the Assembly changed the language from an LLC to a partnership. Mr. Soenksen said the LLC is the business entity and they would probably not be interested in a partnership type of loan.

Ms. Gladziszewski asked Mr. Soenksen for clarification if Gastineau Lodge Apartments was an LLC. Mr. Soenksen said the original application included an attachment with LLC paperwork and that they have a state license.

Mayor Weldon asked Mr. Palmer to provide the information that he had available. Mr. Palmer said that this has been a contentious issue for administration up to this point. He stated that "Gastineau Lodge Apartments, LLC" does not exist and they have been looking for proof of it and have been asking Mr. Soenksen for proof of it for a number of months and what they have received in response are are partnership documents between Verde Infrastructure Partners, LLC and Douglas Trucano. Mr. Palmer said that as of this evening, September 26, 2022 and during the past month, there was nothing in the State of Alaska Corporation database under the name Gastineau Lodge Apartments, LLC showing that they exist. He said that that is OK as long as there are documents that are forthcoming and staff can review those documents and provide information to the Assembly so they can understand the risk. He said that right now, the entity does not exist.

Mayor Weldon withdrew her motion and her amendment and make a new motion.

MOTION by Mayor Weldon to keep Ordinance 2022-06(b)(P) in the Committee of the Whole until Gastineau Lodge Apartments LLC is an entity and they provided LLC paperwork to prove it.

OBJECTION Mr. Smith objected for the purposes of a question. Mr. Smith asked if they could approve the ordinance and when the paperwork is produced, continue forward then. Mr. Palmer answered that the ordinance has been introduced and it puts us into an awkward position to negotiate with an entity that does not exist.

Mr. Smith retained his objection.

Roll Call Vote on the motion to hold Ordinance 2022-06(b)(P) in the COW until an LLC entity exists
Ayes: Weldon, 'Wáahlaal Gíidaak, Hughes-Skandjis, Hale, Bryson, Gladziszewski
Nays: Woll, Smith

Motion carried 6 Ayes, 2 Nays.

Ms. Gladziszewski noted that there was a second question in the memo regarding possibly changing the terms. She asked if any member wished to entertain a motion to change the terms. Hearing none, this matter was concluded.

Ms. Hughes-Skandjis requested an at ease at 6:55pm.

Mr. Barr announced that they were made aware that during the recent power outage it appears that a landslide occurred on Gastineau Avenue and that Capital City Fire and Rescue and Juneau Police Department were responding. Mr. Barr said they do not have very much

information at this time but that the images that he has are of trees coming down between houses and not on top of houses. He said that he did not believe that any individuals were injured or at risk of injury. He said that CBJ was advising individuals in the area to evacuate as they are expecting more rain throughout the evening and it is not unreasonable to expect possible additional slide activity.

B. THRHA Request to Acquire City Property Located at Pederson Hill

Mr. Bleidorn said that he and members of Tlingit and Haida Regional Housing Authority (THRHA) were available to answer any questions that the Assembly had about a proposed land transfer from CBJ to THRHA. Mr. Bleidorn said that the transfer of Pederson Hill property had been to the Lands, Housing, Economic Development Committee on August 29, 2022, where it received a motion of support, and the Assembly on September 12, 2022 under new business, where it also received a motion of support.

Ms. Gladziszewski asked about the history of CBJ being involved in less than fair market value large land disposals. Mr. Bleidorn said there are few examples of CBJ selling land at less than fair market value. In 1995, CBJ worked with the THRHA to develop affordable workforce housing in the Mendenhall Valley. CBJ had a preliminary plat and worked with THRHA who installed the infrastructure. Afterwards THRHA deeded back to CBJ properties that equaled the value of the property before improvements were made.

Ms. Jacqueline Kus.een Pata, President and CEO of the THRHA, said that in the above case, the Housing Authority developed every other lot generally as rent-to-own properties and other entities developed other lots. One of those entities was the Juneau School District House Build Project. Some of the vacant lots were sold to private individuals for them to build homes within the subdivision. Ms. Pata said that building the houses brought in future revenue to CBJ through property tax benefits.

Mayor Weldon asked Ms. Pata if THRHA is willing to consider donating money to develop a park in the neighborhood. Ms. Pata said yes.

Mr. Bryson asked if a land trade would be possible, such as the backside of Douglas. Ms. Pata said she had not considered that before. The Housing Authority has some parcels of property that are not currently developable but to create affordable housing, they would need easy access to water, sewer, or infrastructure to keep costs down.

‘Wáahlaal Gíidaak asked Ms. Pata if the residents who occupy these homes would be able to provide short-term rentals. Ms. Pata said that this must be people’s primary residence as a condition of purchase.

Mr. Smith asked if these would go mostly to first-time homebuyers. Ms. Pata said that they typically serve first-time homebuyers, with the caveat that they also consider people who currently own a mobile home.

Mayor Weldon asked how many homes are planning to be built. Mr. Bleidorn said that it would be 69 lots total between the two phases of development on 11.5 acres of land. Ms. Pata clarified that there would be a park and there is the potential of up to 69 houses but that they could not say there would be exactly 69 houses. Mr. Bleidorn said that CBJ has a preliminary plat there will likely have some minor changes before it becomes a final plat.

Ms. Gladziszewski asked Mr. Bleidorn if he has all the information he would have gotten if THRHA had gone through the affordable housing application process. Mr. Bleidorn said that there are two different funds: the affordable housing fund and the land fund. He believes that the land fund is the correct place to move this application forward because the affordable housing fund requires some amount of land ownership and in this case CBJ owns the land.

MOTION by Mayor Weldon to pass a motion of support instructing the Manager to negotiate with Tlingit Haida Regional Housing Authority for Phase 1B and 1C of the Pederson Hill subdivision and asked for unanimous consent. *Hearing no objection, the motion passed.*

C. Resolution 2993 A Resolution Amending the Accessory Apartment Grant Incentive Program Criteria Regarding Short Term Rentals.

Mr. Palmer said that at a prior Committee of the Whole meeting ‘Wáahlaal Gíidaak requested an amendment to the Accessory Apartment Grant program to limit short-term rental use of the properties. Mr. Palmer said that the draft resolution has two concepts embedded in it; the first would be asking the applicant to promise not to use the property as a short-term rental and the second would be to provide some amount of money upfront and only receive the second half of the money If the unit was not used as a short-term rental in the meantime. ‘Wáahlaal Gíidaak said her goal was to return to the original intent of the program, to increase housing availability in the community.

Ms. Hughes-Skandjis, referencing previous Assemblymember Rob Edwardson, said that she believes most people want to follow the law. She recommended amending the resolution so that instead of having multiple payments, that if someone uses the property for short-term rentals then they pay the money back.

Mr. Bryson asked how big of a problem this has been. Mr. Scott Ciambor, Planning Manager, said that, as of last summer when they looked at the data, CBJ had provided around 30 grants total and 8 of those had been short-term rentals at some point and that 4 had been doing it routinely.

Ms. Gladziszewski asked Mr. Ciambor to provide information on how many units/grants had been given out through this program. Mr. Ciambor provided the below statistics for FY18-FY23 with $96,000 available per year for the program. *He said that in 2020, there had been some backlog due to the COVID pandemic and they are working on bringing those backlogs up to date.

Year Awarded	Total # of Grants Awarded
FY18	6
FY19	7
FY20	10
FY21	2*
FY22	8
FY23	7 pending applications still being processed

Ms. Hale said she had a comment similar to Ms. Hughes-Skandijs' with respect to the idea of potentially splitting the payments, which is not currently included in the resolution. Ms. Hale said that she didn't like the idea of splitting the payment because having $6,000 towards paying the permit fees will go a long way towards doing the work rather than waiting for 5 years before you see the money.

MOTION by 'Wáahlaal Gíidaak to move Resolution 2993 on to the Assembly and asked for unanimous consent.

OBJECTION by Ms. Woll. She said that the Assembly has not decided how they want to regulate short-term rentals and that she does not want to discourage people from using the program. She said that she understands that the intent of this program is to support housing and that should be the intent of the program. However, she thinks those who are looking at creating housing and using this program will be looking at all the long-term options. Hopefully they will be renting or have some guests in their home. They may possibly be interested in having a short-term rental periodically and she would hate to discourage those folks from taking advantage of this opportunity.

Mr. Bryson thanked Ms. Woll and stated that this program allows for property owners to expand their dwelling space which in turn provides more housing. He said that anyone who uses this program is going to pay more money in property tax over the course of them living in their home than they receive in grant funding from CBJ. He said that limiting the program to limit short-term rentals might be short-sighted.

Ms. Hughes-Skandijs said that she had a few amendments that she would like to make and asked for clarification if she should do it all together or separately. Ms. Gladziszewski asked her to make them individually.

AMENDEMENT #1 by Ms. Hughes-Skandjis on page 26 of the packet (page 2 of the draft resolution), lines 70-71 to add a comma after "rental" and then strike the words "from issuance of the certificate of occupancy for three years, and" So that section 7. Reads:

"Agree not to rent the apartment as a short-term rental a default would cause the property owner to owe the CBJ the grant award…"

OBJECTION by Ms. Hale. She said that this recent Iron Man event was an example where someone might choose to make the property a short-term rental temporarily for the benefit of the community. Mayor Weldon also objected as this being too restrictive and as Ms. Woll noted, the Assembly has not yet made any regulations about Short Term Renewals

Mr. Smith said that the enforcement of this provision is problematic, but philosophically agrees that CBJ money should not be subsidizing short-term rentals.

***Roll Call Vote on Amendment #1*:**
Ayes: Hughes-Skandjis, Smith, 'Wáahlaal Gíidaak, Gladziszewski
Nays: Hale, Bryson, Woll, Weldon
Motion failed: 4 Ayes, 4 Nays

Ms. Gladziszewski asked Ms. Hughes-Skandijs if she had any other amendments. Ms. Hughes-Skandijs said that in light of the failure of her first amendment, she will refrain from making further amendments.

AMENDMENT #2 by Mr. Smith to page 2 of the ordinance (page 26 of the packet) on line 70, to strike "from issuance of the certificate of occupancy for three years, and a default would cause the property owner to owe the CBJ the grant award." So that that section would read: ***"Agree not to rent the apartment as a short-term rental. A short-term rental means a dwelling unit, or portion of a dwelling unit, offered for overnight occupancy in exchange for a fee and that is available for rent for fewer than 30 consecutive days."***

OBJECTION by Mayor Weldon saying that this amendment would take out the teeth of this program.

Mr. Smith said that he agrees that the Assembly has not yet decided how to regulate short term rentals. He commented that property owners can choose to do short term rentals but that this attempts to ensure that public funds are not used to fund them. He would like to see, when someone is signing up for this program, that they sign on the line stating that they will not use it for a short-term rental and to judge it based on that certification and their honor rather than requiring staff to undergo an extensive regulation tracking process.

Ms. Hale spoke to property owners will look at their property options as it evolves over time and that while she would be in favor of limiting it to no short-term rentals during first three years, she would not be in agreement of limiting if forever because life is complex and

circumstances change over time. Mr. Bryson said he agreed with Ms. Hale on limited any prohibitions to only the first three years.

Additional discussion took place with 'Wáahlaal Gíidaak proposing an amendment to Mr. Smith's amendment. Mr. Palmer provided parliamentary guidance and Mr. Smith amended his original Amendment #2 to read as follows:

Amendment #2 revised – Page 2, starting at Line 70 to read:
"Agree not to rent the apartment as a short-term rental from issuance of the certificate of occupancy for three years. A short-term rental means a dwelling unit…" and striking the second portion of the first sentence "and a default would cause the property owner to owe the CBJ the grant award."

OBJECTION by Ms. Hale, Ms. Hughes-Skandijs, and Mayor Weldon stating that removing the default portion of the first sentence takes away the teeth of the amendment.

***Roll Call Vote on Amendment #2*:**
Ayes: Smith, Woll, 'Wáahlaal Gíidaak
Nays: Hughes-Skandjis, Hale, Bryson, Weldon, Gladziszewski
Motion failed: 3 Ayes, 5 Nays

***Roll Call Vote on Resolution 2993*:**
Ayes: 'Wáahlaal Gíidaak, Smith, Hughes-Skandjis, Hale, Bryson, Weldon, Gladziszewski
Nays: Woll
Motion passed, 7 Ayes, 1 Nay

D. Ordinance 2022-21 An Ordinance Related to Property Tax Appeals and Codifying the Board of Equalization Rules of Procedure.

Mr. Palmer explained that the Board of Equalization (BOE) process could be clearer and more transparent for taxpayer, BOE members, the assessors and any other appeals that might go forward from the BOE. Mr. Palmer noted that Assistant Attorney Adam Gottschalk has served as the legal counsel to the Board of Equalization during the past two appeal cycles. Following those appeal cycles, he helped identify areas of improvement and brought the proposed changes to the BOE for their review. They based some of these changes on the Municipality of Anchorage BOE process and one of the goals of this ordnance proposed is to have appeals earlier in the year. The version of this ordinance in the packet is the version that the BOE would like to see adopted which codifies the BOE policies and makes changes to the process. Mr. Palmer stated that we currently have only five members on the BOE and four vacancies and those five members are shouldering the burden of the whole process. He said that if they lose even one more member, they would lose quorum and those appeals would revert to the Assembly for sitting as the BOE.

Adam Gottschalk provided an in-depth explanation of the changes proposed. He noted that there are fourteen pages of changes highlighted and explained that this ordinance is codifying what they already do but also adding additional language based on the Municipality of Anchorage processes. Mr. Gottschalk then proceeded to answer a number of follow up questions from the Assembly. Mr. Palmer said that he will follow up with answers to some of the questions that they asked and noted that the goal is to bring this ordinance back to a future COW.

E. Off Street Parking Management

Mr. Barr explained that the Parks and Recreation department manages two downtown parking garages and two parking lots. Daily, monthly, and annual payment for parking at all four facilities is cumbersome for both the public and staff. CBJ intends to put out a request for proposals for a major parking vendor to improve the process. This would come back to the Assembly again before anything is finalized. Mr. Barr also asked the Assembly their thoughts about charging for on-street parking, as any solutions CBJ pursues for off-street parking would need to take that into account.

Mr. Bryson said that it would make more sense to have a parking analysis done before any major changes were made. Mr. Barr answered that CBJ needed to change the way they manage off-street parking regardless of what came out of a study.

Mr. Smith asked if this would impact CBJ staffing levels. Mr. Barr said he does not anticipate any city employees losing their jobs. Mr. Smith asked if any duties currently being performed by CBJ staff would shift to a contractor. Mr. Barr answered that some duties would, such as manual printing and laminating of parking permits would shift to an electronic system managed by a contractor.

Ms. Gladziszewski asked the Assembly to share their brief thoughts on charging for on-street parking. The consensus was to incentivize people to park in the lots by charging for on-street parking in some way.

V. STAFF REPORTS

Mr. Barr provided an update about the landslide on Gastineau Avenue, saying that no one was injured but there was damage to two houses. He said they will not be able to clear away debris until daylight and power cannot be restored until after the debris is cleared.

VI. SUPPLEMENTAL MATERIALS
VII. ADJOURNMENT

There being no further business, the meeting adjourned at 8:21p.m.