

ASSEMBLY FINANCE COMMITTEE MINUTES

January 8, 2025, at 5:30 PM

Assembly Chambers/Zoom Webinar



<https://juneau.zoom.us/j/93917915176> or 1-253-215-8782 Webinar ID: 939 1791 5176

A. CALL TO ORDER

The meeting was called to order at 5:32 pm by Chair Christine Woll.

B. ROLL CALL

Committee Members Present: Chair Christine Woll; Greg Smith; Paul Kelly; Maureen Hall; Neil Steininger; Ella Adkison; Alicia Hughes-Skandijs; Wade Bryson

Committee Members Present Virtually: None

Committee Members Absent: Mayor Beth Weldon

Staff Members Present: Katie Koester, City Manager; Robert Barr, Deputy City Manager; Angie Flick, Finance Director; Beth McEwen, City Clerk; Joe Wanner, Bartlett Regional Hospital (BRH) Chief Executive Officer; Alexandra Pierce, Tourism Manager

Staff Members Absent: Adrien Wendel, Budget Manager

C. APPROVAL OF MINUTES

1. November 6, 2024

The November 6, 2024 minutes were approved as presented.

D. AGENDA TOPICS

Chair Woll declared that the seventh agenda item, Juneau Economic Development Council Grant, would be moved up to the first agenda item and the sixth agenda item, Assessment Ordinance – Updated to SB179, would be moved down to the last agenda item.

2. Juneau Economic Development Council Grant

Angie Flick, Finance Director, introduced the agenda item and pointed the Committee to page 49 of the packet. She shared that this ordinance was introduced on the January 6, 2025 Regular Assembly meeting and that the ordinance was for a supplemental grant to the Juneau Economic Development Council (JEDC). She shared that JEDC did not meet the required filing deadline for their property tax exemption and that there was no option to appeal. She asked if any assemblymembers had any questions.

Motion: by Assemblymember Smith to move to set Ordinance 2024-01(b)(AC) for public hearing at the next appropriate Assembly meeting and ask for unanimous consent.

Motion passed by unanimous consent.

3. BRH CIP Ordinance for Emergency Department Addition

Ordinance 2024-01(b)(I)

Chair Woll invited Joe Wanner, Bartlett Regional Hospital (BRH) CEO, to answer assemblymember questions on the ordinance.

Assemblymember Smith asked at what point in the appropriation process did the Certificate of Need (CON) have to be issued before the Assembly could appropriate funds.

Mr. Wanner stated that after discussions with the State, the CON was slated to be moved on in the middle of January and the Assembly Finance Committee (AFC) would forward the ordinance from this meeting to a Regular Assembly meeting in February. He shared that if the CON was not approved in January, BRH would request the ordinance be moved to the Regular Assembly meeting in March.

Assemblymember Hughes-Skandijs asked Mr. Wanner if he could discuss more details of their conversations with the State and where BRH was exactly in the process.

Mr. Wanner replied that there had been multiple meetings and conversations with the State about a variety of subjects, including BRH's critical access request. He reiterated that at their last meeting the State said they would decide on whether or not to approve the CON in the middle of January 2025.

Assemblymember Kelly asked what would happen if the approval of the CON was delayed past the end of the current fiscal year.

Ms. Flick answered that because this was a Capital Improvement Project (CIP), when the Assembly did appropriate funds, it would stay active until the project was completed. If the CON wasn't approved until the next fiscal year, the appropriation would simply become active at that time and stay within the CIP.

Assemblymember Hughes-Skandijs asked Mr. Wanner to characterize BRH's financial experience over the last several months.

Mr. Wanner stated that year to date BRH had a positive margin of \$5.9 million, compared to negative \$5 million at the same time last year. He shared that a substantial swing in operations was mostly due to changes of their staff contracts and the closing of multiple services.

Assemblymember Hall asked Mr. Wanner if increased construction costs due to inflation in recent years was accounted for in the project's estimations.

Mr. Wanner replied that some of the inflated constructions costs were considered in their estimates. He stated that guidelines would be set to keep the project within a certain scope so no additional funds would be needed from the City.

Chair Woll asked Mr. Wanner if he could elaborate on the details of the approval process of the CON and whether he felt confident that it would be approved.

Mr. Wanner responded that the CON application was submitted in August of 2024 and that a typical response from the State would be within 30 days. He shared that the State and the Federal Government was concerned with the financial viability of BRH but that the recent seven months of positive financial lines should be helpful towards the approval of the CON.

Motion: by Assemblymember Smith to move that Ordinance 2024-01(b)(l) be set for public hearing upon receipt of the Certificate of Need (CON) from the State of Alaska and ask for unanimous consent.

Motion passed by unanimous consent.

4. Assembly Goals

Chair Woll introduced the next agenda item and shared that the Assembly goals had not been seen since the December Assembly retreat. She stated that the intent now was to make sure the goals were reflected in the current Assembly discussions. She shared that there were areas highlighted that still needed work.

Assemblymember Smith asked Robert Barr, Deputy City Manager, to describe the timeline for adopting these goals.

Mr. Barr stated that the timeline was up to the will of the Body.

Katie Koester, City Manager, added that she would like to see these goals adopted at the February 3rd Regular Assembly meeting but that it could be more reasonable to have the majority of the conversation at the Committee of the Whole (COW) meeting on February 24th.

Assemblymember Smith stated that he noticed there were more goals added to the list than removed, since the retreat. He asked Staff if they had a sense of whether the number of goals was manageable or not.

Ms. Koester responded that the Assembly had put a lot of effort into making the goals more tangible and more focused to a one-year period, which in turn would help Staff implement the will of the Assembly.

There are three highlighted require Assembly's work to finalize the language. Assemblymember Smith agreed the non-highlighted items are good, and suggested the highlighted ones be finalized by the appropriate Assemblymembers prior to the Feb 3rd Regular Assembly meeting. Chair Woll requested that staff give Assemblymembers a deadline via email for the updated language.

5. Legislative Capital Priorities

Ms. Koester directed the Committee to pages 23 and 24 of the packet, which shows the draft legislative capital priorities. She explained that these pages showed the product of the ranking exercise that the Assembly worked through over the holidays. She provided more details on the process that had already occurred and the parts of the process that are upcoming. She explained that the Assembly could choose to move items up or down the list.

Ms. Koester stated that the goal was to take any movement on this list and bring a draft to the legislative breakfast on January 23. She shared that both State and federal lobbyists and representatives would be present at the breakfast and that it would be an opportunity to discuss this list. She stressed the importance

of the timing because of State and federal opportunity windows that were currently open. She shared that the window to submit to the State portal, CAPSIS, would close after the February 3rd Regular Assembly meeting.

Chair Woll stated that she was shocked to see the Capital Civic Center project so low on the list, especially because the Assembly had already chosen to appropriate significant funds to the project. She asked Staff if they felt that having the project prioritized lower on the list would make it harder for the project to come to fruition.

Ms. Koester answered that this assumption was correct. She explained that the Capital Civic Center project had been submitted in the past to both the State and federal delegations and that the bucket of federal funds that could be used for the project was highly competitive. She shared that in her experience there hadn't been a lot of federal funding available for this type of project. She stated that it's always better to have a project higher on the list and have more local funding appropriated to the project to make it more competitive.

Assemblymember Bryson expressed that he felt the Capital Civic Center project should be lower on the priority list because the Juneau voters had expressed their voice two years in a row to not build a new public building. He felt that the timing was not appropriate to try and push this project through.

Assemblymember Steininger shared that he was thinking of the priority list in terms of what was likely to be approved at the State level and not necessarily the federal level. He asked Ms. Koester if there was going to be outreach to the State executive branch to make sure that they're aware of these projects.

Ms. Koester responded that Staff had been working with a lobbyist to make sure that all levels of State government were communicated with. She explained that the federal process was more iterative and that a project's chances of being funded depended on the bucket of funds available for that category. She stressed that even if the Body ranked a project very high, the staff of the respective delegations reviewing it might not see it as competitive.

Assemblymember Steininger stated that he noticed two projects both ranked at number twelve and asked if that was an equal ranking or not.

Ms. Koester answered that both of those projects were equally ranked.

Assemblymember Kelly stated that he also noticed the Capital Civic Center project was ranked lower than he was expecting, considering the investment the Assembly had already made. He felt that the opposition to this project was due to more taxpayer money going towards it. He noted that the amount of requested State and federal funds matches the total project cost, with an additional \$8 million already secured. He expressed support for moving this project up on the priority list.

Motion: by Assemblymember Smith to move the FY25 Draft Legislative Capital Priority Rankings as presented to the February 3rd Regular Assembly meeting.

Amendment: by Assemblymember Steininger to change the Eaglecrest Employee & Tourism Workforce Housing project to number thirteen on the list and renumber all projects below it in sequential order.

Amendment passed by unanimous consent.

Amendment to the Amended Motion: by Assemblymember Kelly to move to amend the motion by placing the Capital Civic Center at number eleven on the priority list.

Objection: by Assemblymember Bryson for the purpose of asking if the placement of ranking for a given project has had any additional bearing on governmental funding for that project in the past.

Assemblymember Kelly withdrew his amendment.

The amended motion passed by unanimous consent.

The Committee recessed at 6:20 pm.

The Committee reconvened at 6:25pm.

6. Dockage Fees

Alexandra Pierce, Tourism Manager, introduced the agenda topic of raising dockage fees by the current method of lineal foot and registered ton or by the lower berth capacity of the ship. She clarified that this was not a measure of number of passengers, as these were not marine passenger fees.

Ms. Pierce directed the Body to a typo in an equation that effected the entire lower revenue line on page 28 of the packet. She declared that despite the typo, the seasonal revenue column remained correct. She continued describing the different options and shared that doubling the fee by using the linear foot and ton method would be unfair to the smaller ships.

Ms. Pierce showed that charging seven dollars per lower berth created nearly the same amount of revenue than doubling the lineal foot and ton fee. She shared that the five-dollar per lower berth option was added in case the Assembly was interested in making more of an incremental change over time. She stated that she would advocate for the seven-dollar option. She pointed to the list of the types of projects that could be funded with dockage fees and stated that the City had been applying for grants for some of these projects for many years.

Ms. Flick added that the revenue generated from dockage fees would need to stay within the dock enterprise and be utilized for things associated with the dock.

Ms. Pierce asked the Assembly to provide direction on how they would like to move forward. She stated that the City had received a letter from the Cruise Line International Association (CLIA) asking for two years of notice before raising the dockage fees.

Assemblymember Bryson asked Ms. Pierce what CLIA's response was and what her expectation was for the seven-dollar per lower berth fee versus five-dollar per lower berth fee.

Ms. Pierce stated that she hoped that the Assembly would support the seven-dollar fee, as it would be consistent with other regional port fees. She shared that CLIA did not push back against the amount of the fee.

Ms. Pierce answered further assemblymember questions.

Chair Woll mentioned that the best practice of keeping the revenue from these fees within the dock enterprise could be expanded to outside the enterprise, to help improve visitor experience and mitigate the

impacts of visitors coming ashore. She asked Ms. Flick if that expansion would be within the realm of best practice.

Ms. Flick replied that it could be challenging to justify spending funds generated from dock fees into areas that are outside the services that the dock provides. Because the dock is an enterprise fund, the revenue collected should be going towards the services it provides. She stated that if the Body's desire was to utilize dockage fees to offset other costs in the community, that could be done through the General Fund or other special revenue funds and that appropriation would need to be intentional and justifiable.

Assemblymember Bryson asked for clarification on the difference between dockage fees and passenger fees, and what sorts of services the different revenues generated could go towards.

Ms. Pierce stated that the passenger fees revenue could go towards community improvements such as increased buses, crossing guards, and extra medical services downtown. She shared that currently the dockage fees were not sufficient to fund dock operations completely and were being subsidized by the passenger fees. An increase in dockage fees would eliminate the need for continued subsidy of dock operations by passenger fees, therefore freeing up passenger fees for other uses.

Assemblymember Kelly asked that if an increase in dockage fees provided any surplus in revenue, could those funds be used to better maintain the docks during the off season to the benefit of the local community.

Ms. Flick responded that those funds could be used for those services because they would be within the dock enterprise.

Motion: by Assemblymember Smith to move to introduce an ordinance to change the current dockage rates and fees to a seven-dollar per lower berth fee and ask it take effect for the 2026 cruise season.

Amendment: by Assemblymember Bryson to change the timing for the new fees to take effect in the 2027 cruise season.

Assemblymember Bryson spoke to his amendment stating that CLIA had been extremely cooperative with the asks of the City over the last few years. He stated that in a show of appreciation he would like to respect the request from CLIA to give two years of notice before raising dockage fees.

Objection: by Assemblymember Hughes-Skandijs.

Assemblymember Hughes-Skandijs spoke to her objection stating that CLIA had not agreed to everything the City had asked for over the last few years and that a one-year timeline to update the fees was more appropriate to ensure that the enterprises that serve the cruise ship industry were adequately funded.

Objection: by Assemblymembers Adkison and Smith.

Assemblymember Steininger expressed favor for Assemblymember Bryson's amendment. He discussed details of the Docks and Harbors budget and stated that after the subsidies from the marine passenger fees and a \$2.5 million increase in new fee collections, Docks and Harbors was set to have a \$2.3 million surplus in the coming year. If that surplus could not be spent outside of the docks enterprise then it could result in a lack of funding for other immediate community needs.

Roll Call Vote on the Amendment

Ayes: Bryson, Steininger

Nays: Hughes-Skandijs, Adkison, Kelly, Hall, Smith, Chair Woll

Amendment failed. Two (2) Ayes, Six (6) Nays.

The original motion passed by unanimous consent.

Chair Woll declared that further Assembly action on this item, to decide what to do with the increased dockage fees, was suggested. She pointed the Body to the three options Ms. Pierce laid out on page 27 of the packet.

Motion: by Assemblymember Hughes-Skandijs to move to continue to fund restrooms and security for all docks with passenger fees.

Objection: by Assemblymembers Kelly and Bryson.

Assemblymember Hughes-Skandijs removed her motion.

Motion: by Assemblymember Bryson to move to fund the docks operational budget with dockage fees and provide all docks with restrooms and security plus a set maintenance fee.

Objection: by Assemblymember Hall.

Assemblymember Hall stated that in this option the funds from the set maintenance fee would not be going to Docks and Harbors but instead would go to the private dock owners. She expressed concern with a lack of transparency on what those fees would be used for.

The Committee continued to discuss the details of the three options to further their understanding of what the different outcomes would be.

Objection: by Assemblymember Smith to voice support for status quo funding through the first option.

Assemblymember Bryson removed his motion.

The Committee took a brief at-ease at 7:19 pm.

The Committee reconvened at 7:25 pm.

Motion: by Assemblymember Bryson to move to, once dockage fee increases have gone into effect, fund the docks operational budget completely with dockage fees and not provide any marine passenger fee funding for restrooms and security to any dock, with the idea that all docks (both CBJ and private) would fund these costs from the increased revenue from dockage fees.

Ms. Flick clarified that marine passenger fee expenditures were approved by the Body, not the Manager's Office.

Objection: by Assemblymembers Steininger and Smith to voice support for status quo funding through the first option.

Chair Woll expressed support for the motion and stated that it did reflect the desire of the public.

Roll Call Vote on Motion

Ayes: Bryson, Kelly, Adkison, Hughes-Skandijs, Chair Woll

Nays: Smith, Hall, Steininger,

Motion passed. Five (5) Ayes, Three (3) Nays.

7. Potential Bond Projects

Ms. Koester directed the Body to page 51 of the packet. She explained that the purpose of this item was to get feedback from the Assembly on their appetite for pursuing potential bond projects and to establish a process for vetting the projects that had potential for approval. She shared that her first question for the Assembly would be to ask if they had a desire to explore any general obligation bonds on the 2025 fall ballot.

Ms. Koester pointed out one potential project for water and wastewater utility infrastructure. She stated that any amount of funding that could be appropriated for capital projects for this utility would help relieve pressure on rate increases.

Ms. Koester spoke of the second project category on the memo, JSD projects. She stated that there was a moratorium on school bond debt reimbursement that was set to end on July 1, 2025 and that the timing looked good to start discussion on these projects. She stressed the importance of keeping in mind the large projects on the horizon that could need bond capacity, including the Juneau Douglas North Crossing, Centennial Hall, and Capital Civic Center projects.

Ms. Koester stated that the second page of the memo was an updated version of a slide from last year that shows debt capacity with a randomly chosen set of projects, to help visualize what different potential debt service mill rates might look like. She continued by explaining the last portion of the memo that discusses a timeline for other committees to do the legwork if the Assembly was interested in developing a bond proposition for the fall ballot.

Assemblymember Steininger asked if the July 28 date in the memo was the drop-dead date for the approval of a proposed bond package.

Beth McEwen, City Clerk, answered that July 28 was the last day to take any action and still get a ballot created and allow the Clerk's Office enough time to get the ballot in the mail for the fall election.

Staff answered further assemblymember questions.

Assemblymember Adkison shared that it would be worth looking at bonds for water and wastewater, as well as JSD bonds. She stated that the Assembly should work under the assumption that JSD would not get any reimbursement from the State.

Assemblymember Bryson expressed concern for approving project bonds, stating that the timing was not great. He mentioned that voters had voted against the new City Hall bond two years in a row. He expressed

that with the likelihood of a mill rate increase, it would be important to not ask the voters to increase their obligation with the addition of more bonds this year.

Assemblymember Steininger stated that he shared Assemblymember Bryson's concerns except when it came to a bond package for JSD CIPs. He stated that if the moratorium were to expire, the Assembly should be ready to move forward with action.

Assemblymember Hughes-Skandijs expressed support for a water and wastewater utility bond, to help provide relief for the upcoming rate increases.

Chair Woll shared that she did not support the water and wastewater project this year because it would not be fair to community to raise rates and ask for more funds through a bond in the same year.

Assemblymember Smith expressed support for a water and wastewater bond because he saw great concern with the sharp rate increases to come and how that would affect the cost of living in the community.

Motion: by Assemblymember Smith to move to direct Staff to evaluate a bond for the 2025 election for wastewater and water utility in the amount of \$20 million.

Objection: by Chair Woll.

Roll Call Vote on Motion

Ayes: Smith, Steininger, Hall, Kelly, Adkison, Hughes-Skandijs, Bryson

Nays: Chair Woll

Motion passed. Seven (7) Ayes, One (1) Nay.

Motion: by Assemblymember Hughes-Skandijs to direct Staff to evaluate a bond for the 2025 election for the Juneau School District in the amount of \$10 million.

Amendment: by Assemblymember Steininger to change the amount of funding for a JSD bond to \$20 million.

Assemblymember Steininger stated that it could be advantageous to get funds from the State if the moratorium expires. He stated that this higher JSD bond amount could also be worked back down in future Assembly discussions.

Objection: by Assemblymember Bryson.

Assemblymember Hughes-Skandijs expressed support for the amendment.

Ms. Koester asked the Body if their intention was for Staff to work on this proposal and bring it back to the Committee with more details worked out or to provide guidance in this meeting and send it over to the advisory boards.

Assemblymembers Kelly and Adkison expressed opposition to the amendment.

Assemblymember Steininger withdrew his amendment.

The original motion passed by unanimous consent.

The Committee discussed details of how to move forward with the JSD bond topic and Staff agreed to come back with more detailed information in a future meeting.

8. Assessment Ordinance – Update to SB179

Chair Woll directed the Committee to page 42 which shows a memo on Ordinance 2025-09, amending CBJ code relating to assessing standards of property tax. She asked the Body if they had any questions.

Mr. Steininger mentioned that it was his intention to bring an amendment to the Full Assembly related to a portion of SB179 where there was a requirement for the Assessor to answer any reasonable question. He explained that the use of the word reasonable in the ordinance created too vague of a standard for the Assessor to meet. He believed a more detailed explanation for this term would be necessary to provide clear expectations to the public.

Motion: by Assemblymember Smith to move Ordinance 2025-09 from the Assembly Finance Committee and set it for introduction at the February 3rd Regular Assembly meeting and ask for unanimous consent.

Motion passed by unanimous consent.

E. EXECUTIVE SESSION

9. Discussion on Collective Bargaining

Motion: by Assemblymember Smith to move the Assembly Finance Committee into Executive Session to discuss collective bargaining negotiations, the immediate knowledge of which could have adverse effect on City finances.

Motion passed by unanimous consent.

F. NEXT MEETING DATE

10. February 5, 2025

G. SUPPLEMENTAL MATERIALS

11. Bartlett Regional Hospital Emergency Department Renovation Memorandum

12. Updated Dockage and Capacity

H. ADJOURNMENT

The Committee entered Executive Session at 8:18 pm. The Committee adjourned the meeting at approximately 10:20 pm following the conclusion of the Executive Session.