

PROPOSITION NO. 3

Extend Temporary 1% Sales Tax

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What type of sales tax does the CBJ collect and what is it used for?

The CBJ sales tax on general retail sales and services currently totals 5%. This 5% tax is made up of three separate taxes:

1% permanent sales tax

3% temporary sales tax (expiring July 1, 2027)

1% temporary sales tax for designated projects (expiring October 1, 2023)

The 1% permanent sales tax and 3% temporary sales tax amounts combine to fund basic municipal services such as police, fire, streets maintenance, construction of roads and sidewalks, libraries, parks and recreation, youth activities, and general operations.

The 1% temporary sales tax for designated projects has been used for capital improvements, to enhance budget reserves, to pay down school construction debt and to fund other major projects.

How long has a temporary 1% sales tax been in effect?

This 1% sales tax has been supported by Juneau voters each time it has come up for renewal since 1972.

What projects would be funded by Proposition 3's 1% sales tax extension and how were they selected?

It is the intent of the Assembly to use the 1% sales tax revenue to fund capital improvement projects, deferred maintenance, and other initiatives described below. At the beginning of the 1% budgeting process, CBJ management identified CBJ and Juneau School District government needs and received proposals from CBJ departments and the public. Through a careful ranking process, Assembly members evaluated 27 projects. Ultimately, the Assembly approved a list of 18 projects in 10 categories which are outlined below. Actual funding will be allocated yearly during the CBJ budgeting process.

Deferred maintenance of CBJ and JSD facilities: \$23.5 million

CBJ and JSD have a large number of buildings, parks, and other facilities to maintain, including schools, city hall, parking garages, fire and police stations, swimming pools, libraries, playgrounds, and other facilities. These public facilities need major maintenance in order to prolong their useful life and reduce operating costs. \$16.5 million will fund mechanical and electrical updates, roofing, HVAC system replacements, energy efficiency improvements, exterior/interior painting, building envelope repairs, and other building maintenance improvements.

\$5 million will fund ongoing major maintenance and repairs at more than 30 developed parks and 25 sports facilities, including repair of parking lots and drainage systems, replacing outdoor lighting, replacing playgrounds, and providing covered storage for maintenance equipment.

PROPOSITION NO. 3

Extend Temporary 1% Sales Tax

\$2 million will fund the construction of equipment bays for trucks, plows, road graders, and loaders that are currently stored outdoors when not being used. This will extend the lifespan of expensive equipment and reduce response times in the winter as operators will not have to spend time removing snow and ice from equipment before plowing CBJ streets.

Redevelopment of Gastineau Avenue, Telephone Hill, and North State Office Building Parking Garage: \$11 million

\$5 million will match \$5 million of funding provided by the Legislature to partially fund replacement of the north parking garage downtown at the State Office Building. The current structure is located between the State Office Building, Fireweed Place, and Calhoun Avenue and presents a good locational opportunity to build a new parking structure that would serve businesses, workers, and residents in the Aak'w Village District.

\$4 million will fund the widening of Gastineau Avenue between Bulger Way and Ewing Way to accommodate reliable safe passage and turn around for emergency vehicles. It will further provide new on-street parking to accommodate proposed higher density housing development in the area.

\$2 million will fund the beginning stages of Telephone Hill redevelopment. The State of Alaska has begun the process of conveying Telephone Hill to CBJ, representing an opportunity to redevelop more than two acres of land downtown. Funds will be used to begin the public process of formulating a redevelopment plan to be adopted by the CBJ Assembly and prepare the site for a major urban housing development.

Affordable Housing Initiatives, including further development of Pederson Hill: \$6 million

Incentivizing and participating in the creation of new and affordable housing development continues to rank high among Assembly goals. \$4.15M of these funds would be deposited into the Affordable Housing Fund, which is the primary financial vehicle used by the Assembly to fund housing grants, loans, and joint ventures. The CBJ has completed one phase of Pederson Hill development resulting in 18 new lots, all of which have been sold. The next phase is anticipated to create an additional 32 lots. \$1.85M would provide partial funding for this phase.

Harbor Expansion and Maintenance: \$6.5 million

\$5 million will fund float replacements and uplands improvements in Aurora Harbor, including replacing the harbor office building, improvements to the boatyard, installing new lighting, and paving parking areas. \$1.5 million will fund deferred maintenance projects at the Wayside Park and Taku Harbor. Wayside Park, adjacent to DIPAC, provides ADA accessible roadside fishing opportunities. Grant based matching funds will be pursued to the maximum extent possible.

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Replacement of public safety equipment at JPD and CCFR: \$3.2 million

\$2 million will partially fund a radio system replacement project at the Juneau Police Department. The radio system that JPD maintains for its own response and the response of partner agencies is at end of life. The Assembly has already appropriated some funding to this project, and additional funds will be sought through grants and other opportunities. \$1.2 million will fund the replacement of a ladder truck at CCFR, which is necessary for safely extinguishing large structure fires and rescuing trapped individuals.

Information Technology upgrades: \$3 million

\$3 million will partially fund the implementation of a 7-year information technology (IT) strategic plan that addresses the modernization of IT services. Major elements include: enhanced cybersecurity, disaster recovery/business continuity, geographic information systems improvements, information security training, migration of services to cloud based providers, and the implementation of formal service level agreements with CBJ IT clients.

Childcare support: \$2.5 million

\$2.5 million will provide direct assistance to licensed childcare providers through grants from the CBJ on a per child served basis. In 2019, the Assembly's Childcare Task Force recommended this type of funding in order to stabilize the childcare industry and address the lack of available childcare in Juneau. Funding will be targeted at age groups that have the highest amount of unmet need.

Relocation of Juneau-Douglas City Museum: \$2 million

Funds will partially fund planning and initial construction efforts to relocate the Juneau-Douglas City Museum from its current space-constrained location to a more accessible location on the waterfront with modern climate controls and appropriate archival storage. A waterfront museum will be more self-sustaining due to additional revenue from out of town visitors. Additional funding will be sought from cruise ship passenger fees and grants. The existing building would become part of the Capitol complex.

Lemon Creek multi-modal path: \$1.5 million

\$1.5 million will partially fund planning, design, and construction of a new bike and pedestrian route through Lemon Creek as an alternative to Glacier Highway. These funds are also expected to be used to match state and federal grants for this project.

Contribution to the Restricted Budget Reserve: \$1 million

\$1 million will be added to the Restricted Budget Reserve, created by the Assembly in 2012. The Restricted Budget Reserve is a rainy day fund that can be accessed, with a payback plan, by future Assemblies for unexpected events and emergencies.

PROPOSITION NO. 3

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If Proposition 3 is approved, how would it affect the sales tax that I pay?

If voters approve the proposition, the total sales tax rate would remain at 5%.

What would happen if voters fail to approve Proposition 3?

If voters do not approve the proposition, the sales tax rate would be reduced to 4% on October 1, 2023. Sales tax revenues would decrease by approximately \$12 million annually. Available funding for deferred maintenance and other special projects will be limited. Many of the proposed projects qualify as critical infrastructure needs. In order to maintain critical services, the Assembly would either decrease spending (by cutting public services and other capital projects), increase revenues (by increasing property taxes and user fees), or both.

Why have a sales tax?

Government services are funded through a variety of taxes and user fees. In Juneau, sales and property taxes pay for the majority of general city government services. In addition, sales tax revenues account for nearly all of the funds spent on general government capital projects, such as street/sidewalk paving/repairing and CBJ-owned facilities.

PROPOSITION NO.3

Authorization to Extend the Temporary 1% Areawide Sales Tax Effective October 1, 2023, for a Period of Five Years.

Shall the City and Borough of Juneau, Alaska, continue to levy and collect a temporary 1% areawide sales tax on the sale price of retail sales, services and commercial rentals within the City and Borough for an additional five years, effective October 1, 2023, until September 30, 2028. If this proposition is approved, the total sales tax would remain at five percent.

YES EXTEND, NO DO NOT EXTEND