

ASSEMBLY FINANCE COMMITTEE MINUTES - DRAFT

April 26, 2023, 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 5:57 pm by Chair Triem.

B. ROLL CALL

Committee Members Present: Chair Carole Triem; Michelle Hale; Greg Smith; Christine Woll; Alicia Hughes-Skandijs; Wade Bryson

Committee Members Present Virtually: Mayor Beth Weldon, Maria Gladziszewski

Committee Members Absent: Wáahlaal Gíidaak

Staff Members Present: Rorie Watt, City Manager; Jeff Rogers, Finance Director; Adrien Speegle, Budget Manager; Carl Uchytel, Docks and Harbors Port Director; Alexandra Pierce, Tourism Manager

Others Present: Don Etheridge, Docks and Harbors Board Chairman; Jim Becker, Docks and Harbors Board Vice Chairman; McHugh Pierre, Travel Juneau Chair; Liz Perry, Travel Juneau President

C. APPROVAL OF MINUTES

1. April 19, 2023

Motion: by Assemblymember Hale to approve minutes as corrected.

Motion passed by unanimous consent.

D. AGENDA TOPICS

2. Docks & Harbors FY24 Budget Presentation

Carl Uchytel, Port Director, thanked the assembly for their support in funding projects over the last few years, leading to several projects being completed. Mr. Uchytel stated that as a result of these contributions, the Docks enterprise is expected to end FY23 by adding to the fund balance and not drawing from it.

Mr. Uchytel presented the Docks budget overview found on page 10 of the packet, emphasizing for the Committee the rise in staffing counts, which has generated a rise in personnel services cost for FY24. He further stated that other than personnel changes, the budget for FY24 remains largely unchanged from FY23.

Mr. Uchytel reviewed the rate changes that were approved by the Assembly in February 2022 in order to generate additional revenue for Docks. Dock fees have not changed since 2008 despite rising operations cost. The largest change is to allow Dock fees to change yearly relative to changes in the Consumer Price

Index (CPI). This is a large change in revenue generation for Docks and results in an 8.1% increase effective April 1st.

Mr. Uchytel answered Committee questions regarding the nature of dock fees and how Juneau fees compare with how fees are collected elsewhere. He stated that port fees are hard to compare, due to the varying nature of how Dock fees are determined city to city.

Assemblymember Gladziszewski asked why the effective date for Dock fees are not in line with the fiscal year dates. Mr. Uchytel clarified that the Committee made a decision previously for changes in fees that affect tourism groups to take effect on April 1st every year, instead of taking place at the beginning of the fiscal year. This was done to minimize changes that the tourism industry will face throughout the cruise ship season.

Rorie Watt, City Manager, explained that the way that Dock fees are created is due to a multitude of factors and stressed that a large reason port fees are hard to compare is that these fees are developed with the infrastructure of the city in question. Things that are easy for Juneau to provide might be hard for another city to provide, and therefore every city uses different structures in determining rate fees. As an example, Mr. Watt stated that some cities use a flat rate for water, whereas a city that struggles to provide water might charge a different rate to collect more from that service.

Mr. Uchytel reviewed for the Committee page 15 of the packet, which shows the previous 11 years' revenue and expenditures and the corresponding fund balance. This chart shows a significant dip in revenue during pandemic years, resulting in a significant decrease in fund balance correspondingly. This has recovered somewhat in the previous year, however, has not recovered fully.

Mr. Uchytel presented the budget overview for the Harbors enterprise found on page 16 of the packet. He stated that Harbors has been sought to be diligent with maintaining its FTE count over the years, however, this year there is a need to expand hours to include 7 days a week which resulted in a corresponding rise in personnel services accounting for a rise from 16.83 FTE to 17.45 FTE.

Mr. Uchytel answered Committee questions.

Mr. Uchytel further reviewed the Harbors enterprise major expenditure items for the Committee found on page 179 of the packet stating that they make up 75% of the budget.

Mr. Uchytel reviewed the nature of the lease agreement that Harbors has maintained with UAS for the Juneau Fisheries Terminal, stating that this terminal is considered a critical need. He further stated that UAS also considers this to be a high value property but does not have concrete plans for the property. Historically, CBJ has maintained a favorable lease of \$12,000 a year for the property lease, however, UAS wishes to raise the lease to \$100,000 a year for a four-year contract. Mr. Uchytel stated that in the proposed lease agreement, CBJ will have to provide an educational benefit for UAS students. The alternative would be to lease the property from UAS at fair market value of \$230,400 a year.

Mr. Uchytel reviewed proposed items to meet this educational benefit found on page 181 of the packet.

Mr. Watt expressed support for the ideas proposed and stated that there is merit to investing in student involvement in the community. He responded to Committee concerns about making community services available for UAS students but not to city employees. Mr. Watt stated that UAS students are here a relatively short amount of time but many leave after they are done with school. Involving them more in

the community would help with retain some of these students in Juneau longer. Mr. Watt further stated that the expense impact for implementing these benefits would be minimal.

Assemblymember Gladziszewski asked what the options are for buying the property outright instead of renewing the lease. Mr. Uchtyl stated that UAS is not interested in selling the property or even partial portions of the property. He further stated that Docks & Harbors is strongly committed to trying to retain this property.

Mayor Beth Weldon asked if the revenue generated from CBJ operations on the property would cover the new lease cost. Mr. Uchtyl responded that the answer is no, however, with the rise in the lease price, it is an option to consider negotiations of higher revenue rates.

Mr. Uchtyl continued his presentation on page 182 of the packet, reviewing the historic trends in harbors revenue, expenditure and remaining fund balance. The trend shown in this presentation is that there is a large dip in fund balance between FY16 and the upcoming FY24. This is largely due to dock improvements that have been made over previous years.

Mr. Uchtyl reviewed for the Committee the trend of rising fees, particularly in the cost of insurance which has more than tripled since FY19. For the most part this rise is not due to claims, although Harbors did make a claim in 2020 for damages to Statter Harbor.

Mr. Uchtyl further reviewed pages 185-186 of the packet which shows a drastic inflation of construction costs for Harbor floats and the electrical systems needed to run them. The cost per-square-foot for dock floats in 2020 for Statter Harbor was \$165 while the cost per-square-foot for the new Aurora harbor in 2023 was \$297, almost doubling in cost. Furthermore, the cost in electrical systems in 2020 for Statter harbor was \$40 per square foot while in 2023 the cost for the new Aurora harbor was \$280, a nearly 700% rise in just three years.

Mr. Uchtyl stressed the challenges that these inflated costs have had on current harbor constructions and the impact it will have on future projects.

Motion: by Assemblymember Smith to approve the Docks & Harbors budgets as presented.

Motion passes by unanimous consent.

The Committee recessed at 6:56 pm.

The Committee reconvened at 7:05 pm.

At 7:06 pm a member of the community, Brandee Gerke, arrived to give public comment on the Special Assembly meeting that occurred before the AFC meeting. The Committee allowed her to give public comments and her statements are recorded in the minutes for the Special Assembly Meeting.

3. FY24 Passenger Fee Plan – For Review

Alexandra Pierce, Tourism Manager, began by presenting the recent changes to the FY24 Passenger Fee Proposal, reviewing for the Committee each item that was changed. She stressed the rise in estimated cost of \$35,000 to \$100,000 for a Cruise Ship Passenger Survey, acknowledging that a portion of this amount is for economic analysis.

Ms. Pierce further stated that there was an additional line item of Commercial Recreational Use Strategy of \$120,000 to address the impacts of cruise ship tourist disbursement. Additionally, the Seasonal Workforce Housing Planning of \$50,000 was moved from the Assembly Grant funding portion of the proposal to the CBJ Municipal Service section. These changes are reflected on page 34 of the packet and result in changes to the overhead cost columns and the direct costs column.

Mr. Rogers addressed Committee questions regarding the changes in overhead costs on page 34 of the packet, stating that although the allocation amount has changed for every item, the total cost for overhead is to remain the same.

Ms. Pierce answered further Committee questions.

Assemblymember Hughes-Skandijs asked regarding the limits of spending Passenger Fees. Mr. Watt stated that there are zones where the Committee can spend Passenger Fees freely and zones where there are limits. He further stated that the Committee does maintain control over how the Passenger Fees are spent, however, in the efforts to be collaborative there are meetings with the cruise ship industry to discuss how the funds are being spent.

Ms. Pierce further reviewed for the Committee the capital improvement portions of the proposed FY24 budget. This budget includes allocations for Capital Civic Center, Marine Park improvements, Homestead Park improvements, Wastewater improvements, Informational Signage, Circulator Plan, and Seawalk expansion for a total of just over \$15 million.

Mr. Watt addressed Committee questions on the wastewater project stating that it is to address the need for waste processing from cruise ships so that it becomes less burdensome for the city.

Ms. Pierce stated to the Committee that the funds of \$10 Million that are budgeted for the Seawalk expansion are broad on purpose and is up for assembly decision. Mr. Watt stated that one of the projects that the Committee has expressed interest in is the deck over project detailed on page 120 of the packet.

Ms. Pierce addressed questions regarding the expansion of the Seawalk, stating that there are several ways the Seawalk could be expanded. There is the potential for an AJ to Franklin Dock segment as well as the potential for filling in portions of the Seawalk that is currently open. Mr. Watt further stated that the projects are not the same size in terms of costs and there is potential for multiple projects.

Ms. Pierce responded to further questions from the Committee as to the potential for the connection of the Seawalk through the Gold Creek area, stating that there are many private land ownership barriers to expanding Seawalk in that location.

Motion: by Mayor Weldon to dedicate a portion of the \$10 million allocated for Seawalk expansion for a deck over of the open space next to the Archipelago Lot.

Objection: by Assemblymember Hughes-Skandijs for the purpose of stating that the current hole in the Seawalk adds to the charm and enables guests to see wildlife under the deck.

Mr. Watt reviewed for the Committee the historical interest in the deck over project, stating that there has been interest from the public in decking over this portion of the Seawalk.

Mr. Watt responded to concerns by the Committee regarding the businesses that operate along the waterfront and concerns that they would get additional space for free. Mr. Watt stated that the current business that operates in this location leases the space and would not be able to use the potential new space without a fee increase.

Roll Call Vote:

Ayes: Weldon, Woll, Hale, Bryson

Nayes: Triem, Gladziszewski, Smith, Hughes-Skandijs

Motion failed. Four (4) Ayes, Four (4) Nayes.

Mr. Watt and Ms. Pierce answered further questions from the Committee.

Motion: by Assemblymember Hughes-Skandijs to propose an amendment to the 3rd Party Visitor section of the Passenger Fee Proposal to zero out the lines for AJ Dock and Franklin Dock Access Security and Restroom Maintenance.

Assemblymember Hughes-Skandijs stated that because the Franklin and AJ docks are private docks, they should be fully responsible for maintaining these services.

Objection: by Mayor Weldon for the purpose of stating that the private docks provide passenger fee revenue and the money provided for restrooms and security are appropriate.

Ms. Pierce, in response to Committee questions, stated that these restrooms and security service for the private docks are available to serve the public. She recommends maintaining the course in this funding for FY24.

Roll Call Vote:

Ayes: Triem, Hughes-Skandijs

Nayes: Weldon, Gladziszewski, Hale, Smith, Woll, Bryson

Motion failed. Two (2) Ayes, Six (6) Nayes.

4. Hotel-Bed Tax Funding

Mr. Rogers presented the overview of Hotel-Bed Tax funding focusing on the summary of funding allocations found on page 141 of the packet. Hotel-Bed Tax is a 9% tax and is split between the following funding areas: 4% for Travel Juneau destination marketing, 3% for Centennial Hall operations, and 2% for Centennial Hall improvements. Mr. Rogers stated that the current structure of these allocations is leading to a surplus in funding and that the Committee might wish to discuss how to use these funds differently.

The Committee discussed the options for reallocating the revenues and stated a desire to address this in future meetings.

The Committee recessed at 8:18 pm.

The Committee reconvened at 8:22 pm.

5. Travel Juneau

Liz Perry, Travel Juneau President, expressed appreciation for the Committee's consideration for funding and stated that Travel Juneau (TJ) is reaching all parts of the world in awareness shown on page 147 of the packet. Ms. Perry further stated that web traffic is increasing, and many young people are looking to Juneau as a place to visit and experience.

Ms. Perry presented an update on the goals TJ made in hotel occupancy, expressing that the goal of 65% occupancy is expected to be met, however it would have been higher if not for the closure of Centennial Hall limiting inflow of people to Juneau for conferences and events that would have been held at Centennial Hall.

Ms. Perry presented the FY24 budget for TJ found on pg. 148-150 of the packet. She expressed the challenge that she has had in staffing TJ this past year, stating that she is currently recruiting for three positions out of the seven that she needs. Part of this problem is losing her staff to higher paying positions and stressed for the Committee the need to raise wages to retain employees. She further stated that like many other organizations, cost of operations is increasing at a challenging rate.

McHugh Pierre, Travel Juneau Chair, stated that TJ is not requesting in an increase in funding without merit and is working to increase hotel vacancy rates by increased interaction with TJ's organization.

Responding to Committee questions, Ms. Perry stated that TJ does not maintain a fund balance like other organizations. However, there is a savings account maintained for a reserve of just over \$200,000.

In response to Committee questions, Ms. Perry stated that interest in Centennial Hall and Juneau itself is high, people are wanting destinations that are off the beaten path and Juneau is on that list. Centennial Hall is being booked several years out and the desire is rising with bookings being made into 2026.

Motion: by Assemblymember Hughes-Skandijs to adopt the Travel Juneau Budget with an amendment to reduce the Hotel-Bed Tax allocation to Travel Juneau to \$1.1 million.

Objection: by Assemblymember Bryson for the purpose of stating that Travel Juneau has been successful in its destination marketing of Juneau, and this is not the time to slow down when success is being made. Assemblymember Hale also objected.

Mr. Rogers stated that the Manager's budget for TJ is \$1.52 million, which is \$200,000 more than TJ is requesting.

Chair Triem asked what the options are for generating additional revenue outside of CBJ's Hotel-Bed Tax allocation. Ms. Perry responded by stating other forms of revenue come from various markets and ad operations as well as being given a portion of passenger fees.

Mr. Rogers answered Committee questions about the historical contributions to TJ.

Roll Call Vote

Ayes: Weldon, Triem, Gladziszewski, Hughes-Skandijs

Nayes: Hale, Smith, Woll, Bryson

Motion failed. Four (4) Ayes, Four (4) Nayes.

Motion: by Assemblymember Hale to adopt the Travel Juneau budget with an amendment to reduce the Hotel-Bed Tax allocation to \$1.2 million.

Motion passed by unanimous consent.

6. Updated Budget Summary and FY24 Decision List

Chair Triem outlined the process for Assemblymembers to make motions to move community requests to the pending list for consideration later in the budget review process. Chair Triem emphasized that the decision for tonight is not to consider the amounts of the requests but just to decide if the request should be considered and put on the pending list.

Motion: by Assemblymember Hughes-Skandijs to add the Sealaska Heritage Institute request of \$500,000 to the pending list.

Objection: by Mayor Weldon for the purpose of stating that they are asking for funds to remodel a space that was used to house CBJ staff until the purchase of the building in question.

Roll Call Vote

Ayes: Hale, Woll, Hughes-Skandijs, Bryson

Nays: Weldon, Triem, Gladziszewski, Smith

Motion failed. Four (4) Ayes, Four (4) Nays.

Motion: by Assemblymember Bryson to move the Alaska Committee request for \$336,000 to the pending list.

Motion passed by unanimous consent.

Motion: by Assemblymember Hale to move the Juneau Commission on Aging request to the pending list and asked for unanimous consent.

Motion passed by unanimous consent.

Motion: by Assemblymember Gladziszewski to move the request from the Juneau Arts and Humanities Council of \$17,700 to the pending list and asked for unanimous consent.

Objection: by Assemblymember Hughes-Skandijs.

Roll Call Vote:

Ayes: Gladziszewski, Smith, Hale, Woll

Nays: Weldon, Triem, Hughes-Skandijs, Bryson

Motion failed. Four (4) Ayes, Four (4) Nays.

Motion: by Assemblymember Smith to move the Juneau Nordic Ski Club request for \$25,000 to the pending list and asked for unanimous consent.

Motion passed by unanimous consent.

Motion: by Assemblymember Hughes-Skandijs to move the request by the Juneau Economic Development Council (JEDC) for \$40,000 to the pending list.

Objection: by Assemblymember Smith for the purpose of an amendment.

Amendment: by Assemblymember Smith to change the amount from \$40,000 to \$70,000 to reflect JEDC's full request.

Objection to Amendment: by Assemblymember Hughes-Skandijs and Mayor Weldon for the purpose of keeping the amount of \$40,000.

Roll Call Vote on Amendment:

Ayes: Triem, Gladziszewski, Hale, Smith, Woll

Nayes: Weldon, Hughes-Skandijs, Bryson

Amendment passed Five (5) Ayes, Three (3) Nayes.

Roll Call Vote on Amended Motion:

Ayes: Triem, Gladziszewski, Hale, Smith, Woll, Hughes-Skandijs

Nayes: Weldon, Bryson

Motion passed. Six (6) Ayes, Two (2) Nayes.

Motion: by Mayor Weldon to move Southeast Alaska Independent Living's request for an elevator at Dimond Park Field House in the amount of \$1,020,000 to the pending list.

Motion passes by unanimous consent.

Motion: by Assemblymember Hale to move the request for Alaska Heat Smart for \$235,094 to the pending list and asked for unanimous consent.

Objection: by Assemblymember Hughes Skandijs.

Roll Call Vote:

Ayes: Weldon, Gladziszewski, Hale, Smith, Woll, Bryson

Nayes: Triem, Hughes-Skandijs

Motion passed. Six (6) Ayes, Two (2) Nayes.

Motion: by Assemblymember Smith to move the Juneau Housing First Collaborative Phase III request for \$1.4 million to the pending list.

Objection: by Hughes-Skandijs for the purpose of learning more about the project timing needs. Assemblymember Hughes-Skandijs removed her objection.

Motion passes by unanimous consent.

Motion: by Assemblymember Woll to move the Downtown Business Association's request of \$75,000 to the pending list.

Objection: by Chair Triem, stating that the Assembly indicated this funding would be one-time instead of recurring in the last budget cycle.

Roll Call Vote:

Ayes: Gladyszewski, Hale, Smith, Woll

Nayes: Weldon, Triem, Hughes-Skandijs, Bryson

Motion failed. Four (4) Ayes, Four (4) Nayes.

The Committee discussed the motions to move community requests to the pending list at this meeting and what those decisions mean for the potential funding for the requesting organizations.

Assemblymember Woll stated concern that if the Downtown Business Association loses this funding, they may not be able to continue as an organization.

Motion: by Assemblymember Hale for immediate reconsideration of the three no votes for moving community funding requests to the pending list.

Roll Call Vote:

Ayes: Hale, Smith, Woll, Hughs-Skandjis

Nayes: Weldon, Triem, Gladyszewski, Bryson

Motion failed. Four (4) Ayes, Four (4) Nayes.

The Committee discussed and clarified that there is possibility for new requests from the community to come to the Committee for consideration.

Mr. Rogers stated that the only received request that currently has not been discussed by the Committee is the request by the Rock Dump.

7. Info Only: AFC Budget Calendar

This item was provided for information only.

F. SUPPLEMENTAL MATERIALS

8. Docks & Harbors FY Budget Presentation – Updated

This item was an updated version of the presentation in Agenda Topic #2.

9. April 19, 2023, Minutes – Corrected

This item was included as a correction of the original minutes from April 19, 2023.

G. NEXT MEETING DATE

May 3, 2023

H. ADJOURNMENT

The meeting was adjourned at 9:37 pm

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org.