

## ASSEMBLY FINANCE COMMITTEE MINUTES

April 30, 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 5:51 pm by Acting Chair Bryson.

### B. ROLL CALL

Committee Members Present: Acting Chair Wade Bryson; Mayor Beth Weldon; Greg Smith; Maureen Hall; Neil Steininger; Ella Adkison

Committee Members Present Virtually: Christine Woll; Paul Kelly; Alicia Hughes-Skandijs

Staff Members Present: Katie Koester, City Manager; Angie Flick, Finance Director; Adrien Wendel, Budget Manager; Brian McGuire, Utilities Superintendent

Staff Members Absent: Robert Barr, Deputy City Manager

Others Present: Jeremiah Beedle, Southeast Alaska Food Bank Board Chair; Loren Jones, United Way of Southeast Alaska Board Chair

Others Present Online: Paul Quinn, FCS Group Assistant Project Manager; Amy Skilbred, Juneau Community Foundation Executive Director; Blue Shibler, Southeast Alaska Association for the Education of Young Children Executive Director

### C. APPROVAL OF MINUTES

#### 1. April 16, 2025

The April 16, 2025 minutes were approved as presented.

### D. AGENDA TOPICS

#### 2. Utility Rates & Bonds – For Action

Katie Koester, City Manager, outlined the structure of the evening's utility rates & bonds conversation. She shared that an FCS Group consultant would present the most current findings on utility rates in Juneau. She explained that the goal was for the Assembly to take action to recommend a utility rate that could be carried through the budget cycle.

Paul Quinn, FCS Group Assistant Project Manager, began presenting on the wastewater and water rate study update for Juneau. He shared background on the situation and stated that the City had been working with the Utility Advisory Board since December of 2022 discussing the rate path going forward. He explained the table of proposed rate increases on page 15 of the packet, which shows details for two different scenarios. He shared the updated analysis and explained how the data had changed since the previous year, stating that the overall change was a net positive in terms of potential reductions to rates.

Mr. Quinn discussed details of the three capital plans proposed that had been worked on by Staff and DOWL Engineering. He stated that the three plans represented different amounts of capital projects from the reduced plan, a moderate plan, and an extensive plan. The extensive plan accounted for all the capital projects that would be needed at some point in the foreseeable future.

Mr. Quinn shared details on the water utility operating revenues and expenses projected over the next five years. He stated that on average the water utility brings in \$2 million a year above what is needed to cover expenses. He shared that about \$4 million a year on average would need to be covered for the water utility's capital needs. He explained the scenario for the reduced spending plan that deferred about ninety percent of the identified capital project costs outside of the study period, which would have to be dealt with at a later time.

Mayor Weldon asked how the City got into this situation where steep rate increases would be necessary to upgrade utility infrastructure.

Mr. Quinn explained that from the previous rate study conducted over ten years ago, the recommended rate increases were only followed for five years of the ten-year period. In 2020 a smaller rate increase of two percent was decided on to help the community with the rising cost of living. He stated that the current situation has resulted because rates have increased less than inflation has over the past five years.

Ms. Koester shared that part of this situation was a result of the current one percent temporary sales tax initiative not including any allocations for the utilities.

Brian McGuire, Utilities Superintendent, shared details on the aging wastewater and water utility infrastructure. He shared that the Juneau Douglas wastewater treatment plant was constructed in 1974. He stated that most of the infrastructure was approaching 50 years since its construction.

Mr. Quinn answered further Committee questions.

Mr. Quinn discussed details of the four scenarios presented on page 21 of the packet. He mentioned the factor of rising costs and explained which scenarios best mitigated that pressure. He explained details of the chart on page 22 of the packet that shows comparisons across the four scenarios. He discussed the impacts on a typical flat rate customer for each scenario.

Mr. Quinn began presenting data on the wastewater utility. He shared a graph of operating expenses for wastewater and stated that while it shows a gap between the revenues and expenses in years one through three, projections starting in 2028 show expenses becoming higher than the amount of annual operating revenue brought in. He stated that this would result in the utility having to draw down from existing reserves to fully pay for debt service or associated operating expenses.

Mr. Quinn shared details on the wastewater capital plan and stated that the main driver on the wastewater side was capital spending. He discussed details of four scenarios for the wastewater utility that were presented last year and now included updated data.

Assemblymember Smith asked where the debt of \$1.2 million to \$1.4 million (shown on page 25 of the packet) came from.

Mr. Quinn replied that it likely was a result of some of the loans the utilities has to pay back to the Alaska Department of Environmental Conservation.

Mr. Quinn shared details on the impact to the typical flat rate customer for each of the four wastewater scenarios, stating that the range of increase was from around five dollars to just over fourteen dollars a month. He discussed the need for other funding sources to keep the rate increases at five percent.

Assemblymember Smith asked Staff, that if a general obligation bond was issued today, what interest rate would the City be paying.

Ms. Flick replied that the interest rate would generally be around five percent.

Assemblymember Woll asked that if the Assembly were to choose one of the four scenarios, after five years would the wastewater and water utility be caught up and only be addressing inflationary increases.

Mr. Quinn stated that the result would depend on which scenario was chosen. He shared that the scenario with the smallest increase would create a bigger margin of uncertainty for how to move forward after 2030.

Mayor Weldon asked if there was a way to use Marine Passenger Fees to fund the utilities, as the summer tourists put a heavy strain on wastewater use.

Ms. Koester shared that tourists already contribute significantly to the wastewater and water utilities and that the FY26 budget includes use of passenger fees for the Juneau Douglas treatment plant.

Ms. Koester pointed the Body to the memo on page eleven of the packet. She discussed inflationary pressure on wastewater and water rates over the last five years. She stated that the rate study from 2023 recommended a nineteen percent increase for water and a thirty-nine percent increase for wastewater. She explained that the decision on these utilities would boil down to either large capital spends or significant rate increases. She shared that the use of debt to fund the utilities would defer much of the expenditures to be dealt with in future years.

Ms. Koester touched briefly on the potential for other funding sources. She mentioned that when thinking of a utilities bond it would be important to consider other potential bonds, such as a school bond. She pointed the Body to the graph on page twelve of the packet that shows the status quo forecast of debt service mill rate when considering a variety of potential bonds. She summarized the recommended scenario in the memo as having the lowest impact on ratepayers and the upcoming fiscal year budget, with a five percent increase every year, using street sales tax funds to buy down the rate in future years.

Ms. Koester answered further Committee questions.

The Committee discussed options to lower the impact to ratepayers and how to find the proper balance between the use of debt and rate increases.

*Assemblymember Woll left the meeting at 6:50 pm.*

**Motion: by Mayor Weldon to move to approve Scenario 4 debt plus five percent rate increase.**

Assemblymember Adkison expressed concern for relying on more debt for potential rate decreases in the future.

**Objection: by Assemblymember Hughes-Skandijs.**

Assemblymember Hughes-Skandijs expressed opposition to the five percent rate increase scenario. She shared that although the necessary increases could be more painful, it was not responsible to defer more expenses out to the future when costs will be higher. She expressed support for the second scenario presented.

Assemblymember Steininger echoed Assemblymember Hughes-Skandijs concern that a five percent rate increase might be too low.

Assemblymember Adkison expressed the need to keep the rate increases at the lowest amount possible to help mitigate the rising costs of living for the most vulnerable residents of the community.

Assemblymember Kelly expressed support for the motion.

Acting Chair Bryson reiterated that these rate increases would ultimately affect the cost of living in Juneau. He stressed the fact that the increases would also affect every local business and would have a rippling effect throughout the community. He expressed support for the motion.

**Roll Call Vote on Motion**

**Ayes:** Mayor Weldon, Hall, Adkison, Kelly, Smith, Acting Chair Bryson

**Nays:** Hughes-Skandijs, Steininger

**Motion passed. Six (6) Ayes, Two (2) Nays.**

*The Committee recessed at 7:11 pm.*

*The Committee reconvened at 7:20 pm.*

*Assemblymember Woll rejoined the meeting at 7:20 pm.*

Acting Chair Bryson directed the Committee to discuss the potential for a combination of school bonds and utility bonds.

Assemblymember Adkison shared that while she was sympathetic to the needs of the schools, she felt that there was only capacity to do one bond package and that the priority in her opinion was to discuss a \$10 million minimum utility bond package.

Assemblymembers Hughes-Skandijs and Woll expressed support for putting a utility bond on the fall ballot.

*Assemblymember Hughes-Skandijs left the meeting at 7:23 pm.*

Assemblymember Kelly expressed support for a school bond on the fall ballot.

Assemblymember Steininger expressed support for looking at a school bond package but stated that there were currently too many unknowns and that an Assembly decision in the future could be better informed.

Assemblymember Hall expressed support for preparing a school bond for the fall ballot.

Assemblymember Smith expressed support for putting both a school and utility bond on the fall ballot.

Mayor Weldon expressed support for preparing a bond for the fall ballot but stated that she was not necessarily going to vote for one.

Acting Chair Bryson stated that he felt that this wasn't the year for a bond package on the ballot because the community would most likely not support it.

**Motion: by Assemblymember Woll to ask Staff to prepare an ordinance that would put an up to \$15 million bond on the ballot for school projects.**

**Objections: by Assemblymember Adkison and Mayor Weldon.**

Mayor Weldon asked Staff that, if the Assembly were to look at a utility bond, what projects would be covered by it.

Ms. Koester replied that she would bring back a list of those projects at a future meeting.

**Amendment to the Motion: by Assemblymember Smith to change the amount to up to \$10 million.**

**Amendment passed by unanimous consent.**

**Roll Call Vote on the Amended Motion**

**Ayes:** Woll, Smith, Kelly, Hall, Steininger

**Nays:** Adkison, Mayor Weldon, Acting Chair Bryson

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

**Motion: by Assemblymember Smith to move to draft a wastewater and water utility bond for up to \$10 million.**

**Objection: by Assemblymember Woll.**

**Roll Call Vote on Motion**

**Ayes:** Smith, Hall, Adkison, Mayor Weldon

**Nays:** Woll, Steininger, Kelly, Acting Chair Bryson

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

**3. Assembly Grants & Community Requests**

Ms. Flick mentioned that it was previously stated that agenda item number four, Assembly Grants & Community Requests, was scheduled to start at 7:30 pm and that it was already past 7:30 pm. She recommended that the Committee switch agenda item three, Seasonal Sales Tax, with agenda item four on the schedule.

There were no Committee objections.

Ms. Flick reminded the Body that in the last Assembly Finance Committee meeting community funding requests were presented by their assemblymember sponsors. She shared that the answers for the questions asked about those requests had been included in the current meeting's packet. She stated that the goal for

this meeting was to answer all current questions so the Assembly could make a decision on whether or not to fund the requests at an upcoming budget meeting.

Assemblymember Woll asked Juneau Community Foundation (JCF), that if the Assembly were to deny a funding request for Southeast Alaska Food Bank (SAFB), how would JCF act to help them.

Amy Skilbred, JCF Executive Director, replied that they would be able to review SAFB's grant application. She shared that it had already been through the process with JCF's professional advisory committee for two rounds.

Ms. Skilbred answered further Committee questions.

Mayor Weldon asked SAFB whether or not other communities in Southeast Alaska had increased funding to SAFB in conjunction with the increased demand from the vulnerable population.

Jeremiah Beedle, SAFB Board Chair, stated that there is a significant increase in need for all the nonprofits that SAFB serves. He shared that they don't receive funding directly from cities but instead have relied on grocery donations. He shared that for the first time SAFB was working to tap into federal funding.

Assemblymember Smith asked Southeast Alaska Association for the Education of Young Children (AEYC), if someone were to successfully go through the apprentice program, was there anything requiring them to work in Juneau for a set number of years or otherwise pay back the funds.

Blue Shibler, AEYC Executive Director, replied that there was no requirement because program participants will have earned their wages for their work during the program.

Mayor Weldon asked United Way of Southeast Alaska why they were requesting funding for work to help with future glacial outburst flooding when the Red Cross and Salvation Army was doing similar work without funding from the City.

Loren Jones, United Way of Southeast Alaska Board Chair, answered that it was not possible to do this work without funding for an extended period of time. He shared that the work being done by their volunteers was not sustainable and that donations were trending down.

Acting Chair Bryson mentioned that the pending list was scheduled for action on the May 14th Assembly Finance Committee meeting.

*The Committee recessed at 8:02 pm.*

*The Committee reconvened at 8:08 pm.*

#### **4. Seasonal Sales Tax**

Ms. Flick pointed the Body to the memo on page 36 of the packet. She stated that any changes made to the sales tax code would not impact the City budget until FY27 and that the reason to discuss this now was to potentially get it on the fall ballot, as it would need to be introduced on the June 9<sup>th</sup> Assembly meeting for public hearing and action on July 28<sup>th</sup>. She shared that the numbers provided in the memo were designed to assist the Assembly in meaningful conversation on the topic and were not meant to provide specific direction.

Ms. Flick directed the Body to the tables on page 37 of the packet which shows three different seasonal sales tax scenarios. She discussed details of the updated data on these tables. She shared some of the details on the scenarios where food and utilities would be exempted with that revenue being covered by sales tax. She stated that \$6.2 million in sales tax revenue was equal to the amount that would cover a reduction of the mill rate by approximately one mill.

Acting Chair Bryson stated that one of the questions that needed to be addressed on this topic was whether the goal was to try to exempt sales tax on food and utilities or instead increase revenue.

Assemblymember Adkison shared that it was her priority to exempt food and utilities from the seasonal sales tax.

Assemblymember Kelly asked Staff if it was possible to repeal the one percent temporary sales tax while adjusting the seasonal sales tax to get the desired revenue.

Ms. Flick responded that this was possible although the intent with the one percent temporary sales tax was to help fund a set of specific projects that the voters had already approved.

Assemblymember Steininger expressed support for a seasonal sales tax in order to afford exemptions to food and utilities.

Assemblymember Woll shared that the AFC is not expected to make a decision on this topic tonight but that it was important to bring the discussion back in a future meeting.

Assemblymember Kelly expressed support for the third option that exempts food and utilities from the seasonal sales tax and allows for a drop in the mill rate.

Assemblymember Smith asked Staff if there was a seasonal sales tax calculator that assemblymembers could use to investigate the different sales tax amounts.

Ms. Flick replied that this tool did exist but that she would want to educate users on its proper use and help them work through scenarios first.

Assemblymember Smith shared that he was leaning towards exempting food and utilities from the seasonal sales tax because it was important for the community. He explained how tension between residents and visitors could ease if the perception was that visitors were helping to increase revenue.

Mayor Weldon asked if it was possible to exempt food and utilities based on level of income.

Ms. Flick stated that she did not have the data currently to have an answer. She shared that she would research the question and bring her findings to a future discussion.

Assemblymember Adkison stated that needs-based exemptions would add the burden of needing to properly apply the exemptions on merchants.

Acting Chair Bryson stated that the seasonal sales tax would greatly impact local businesses whose peak sales happen during the busy summer months.

Ms. Flick stated that there were sufficient requests for additional information for Staff to work on. She shared that Staff would work on some of the questions individually with assemblymembers who wished to explore them more. Staff would also bring back answers to the Committee in a future meeting.

Assemblymember Woll shared that, for whichever ballot measure the Body decided to put on the fall ballot, it would be important to fund advocacy and public education to ensure that the ballot was likely to pass. Due to timing constraints and deadlines, action would be needed soon.

**Motion: by Assemblymember Woll to move to ask Staff to draft an ordinance that would allow for allocating funding for advocacy associated with a seasonal sales tax and taxation.**

Assemblymember Steininger asked Staff to explain, without funding for advocacy, what type of information could the City legally provide and put out into the public about ballot initiatives.

Ms. Koester replied that the information put out to the public would need to be non-biased and educational, as well as facts based and informative.

Assemblymember Adkison reminded the Body that the Committee had not come to an agreement on whether there was enough time to get a seasonal sales tax initiative on the ballot this fall.

Mayor Weldon expressed support for the motion.

Assemblymember Smith asked Staff if they could come back with a memo covering what was legally possible for a ballot initiative advocacy effort.

**Motion: by Assemblymember Smith to move to postpone further discussion on this topic until the May 7th Assembly Finance Committee meeting and ask for unanimous consent.**

**Objection: by Assemblymember Kelly.**

*The Committee took a brief at-ease.*

**Objection: by Acting Chair Bryson.**

Mayor Weldon expressed support for the motion to postpone Assemblymember Woll's motion.

**Roll Call Vote on Motion**

**Ayes:** Smith, Steininger, Adkison, Mayor Weldon, Hall, Woll

**Nays:** Kelly, Acting Chair Bryson

**Motion passed. Six (6) Ayes, Two (2) Nays.**

**5. Youth Activity Grant Funding**

Ms. Flick directed the Body to page 68 of the packet which shows the memo from the Youth Activity Board chair. She shared the list of programs that the Youth Activity Board planned to use the requested funding for. She shared that this funding request was brought to the Assembly each year during the budget process.



**Motion:** by Mayor Weldon to move that the Assembly Finance Committee approve the funding recommendations of the Youth Activity Board on the attached list and ask for unanimous consent.

**Motion passed by unanimous consent.**

**6. Info Only: FY26 Pending List**

Ms. Flick stated that the pending list provided in the packet on page 71 will be discussed next week in conjunction with the Manager's Proposed Increments.

Ms. Koester shared that on May 9<sup>th</sup> City Hall will be closed in the afternoon for spring cleaning.

**7. Info Only: AFC Budget Calendar**

Ms. Flick stated that due to the busy schedule for the Assembly in the next week, items on the May 7<sup>th</sup> budget meeting were adjusted. She shared that the Manager's Proposed Increments will be covered and there will be discussion on capital improvement plan amendments. There will also need to be discussion and action on the school district budget. She mentioned that the Passenger Fee plan was moved from the May 14<sup>th</sup> meeting to the May 7<sup>th</sup> meeting, and the Eaglecrest topic was moved to May 14<sup>th</sup>.

**E. NEXT MEETING DATE**

**8. May 7, 2025**

**F. SUPPLEMENTAL MATERIALS**

**9. Assembly Grants & Community Requests**

- a) Centennial Hall Rates – Additional Staff Response
- b) Downtown Business Association Corrected Appendix B

**10. Info Only: AFC Budget Calendar – updated April 30, 2025**

**H. ADJOURNMENT**

*The meeting was adjourned at 9:06 pm.*