

ASSEMBLY WORKSESSION WITH JUNEAU LEGISLATIVE DELEGATION **DRAFT** MINUTES



January 25, 2024, at 7:00 AM

Assembly Chambers/Zoom

This is an Assembly Worksession being held in person in the Assembly Chambers. No Public Testimony will be taken. Members of the public may attend to listen/watch via Zoom at <https://juneau.zoom.us/j/95424544691> or 1-253-215-8782 Webinar ID: 954 2454 4691

A. CALL TO ORDER

Deputy Mayor Michelle Hale called the meeting to order at 7:16 a.m.

B. LAND ACKNOWLEDGEMENT

Assemblymember Greg Smith provided the following land acknowledgement: We would like to acknowledge that the City and Borough of Juneau is on Tlingit land and wish to honor the indigenous people of this land. For more than ten thousand years, Alaska Native people have been and continue to be integral to the well-being of our community. We are grateful to be in this place, a part of this community, and to honor the culture, traditions, and resilience of the Tlingit people. Gunalchéesh!

C. ROLL CALL

Assemblymembers present: Deputy Mayor Michelle Hale, Wade Bryson, Alicia Hughes-Skandijs (via Zoom), 'Wáahlaal Gidaag (via Zoom left at 8 a.m.), Christine Woll, Greg Smith, Ella Adkison, Paul Kelly (joined at 7:45 a.m. due to being snowed in.)

Assemblymembers absent: Mayor Beth Weldon

Introduction of Special Guests: Senator Jesse Kiehl introduced his staff members: John Geckerman, Kathy Schlingheyde, Aurora Hauke (not present), and (Assemblymember) Ella Adkison. Representative Sarah Hannan introduced her staff members: Jim Clarke and Hunter Meacham. Representative Andy Story introduced her staff members: Miranda Worl, and Joan Wilkerson. Also present at this meeting were U.S. Congressional Staffer Cara Hall, CBJ's Washington DC Lobbyists Katie Kachel and David Jansen, and Alaska Lobbyist Kevin Jardell.

Staff Present: City Manager Katie Koester, Deputy Manager Robert Barr, City Attorney Robert Palmer, Municipal Clerk Beth McEwen, Deputy Clerk Diane Cathcart, Finance Director Angie Flick, Engineering/Public Works (Eng/PW) Director Denise Koch, Port Director Carl Uchtyl, Bartlett Regional Hospital (BRH) CEO Ian Worden, BRH CFO Joe Wanner, Library Director Catherine Melville, Community Development Department Director Jill Lawhorn, Lands Manager Dan Bleidorn, Tourism Manager Alexandra Pierce, Eng/PW Grants Manager Ashley Heimbigner, Juneau School District (JSD) Superintendent Frank Hauser

D. MANAGER'S REQUEST FOR AGENDA CHANGES/APPROVAL OF AGENDA – None.

E. AGENDA TOPICS

During introductions, the City Manager and Legislative Delegation introduced each of their staff members who were present. Due to the late legislative meetings of the previous evening, as well as poor road conditions due to snow, some staff members were not able to join the meeting. Representative Story extended her thanks to the Eng/PW Streets team for all their hard work in plowing the roads. She shared they had heard a speech on the floor of the House by Representative Raucher commending Juneau for the good job they have done in keeping the roads and sidewalks cleared of snow and providing safe conditions for the community. Senator Kiehl echoed the thanks he has heard from a wide variety of members of the legislature, staff, and others visiting Juneau on what a great job the Eng/PW Streets crew is doing with snow removal. It reflects very well on Juneau as the Capital City.

1. Updates from Senator Jesse Kiehl and Representatives Andi Story and Sara Hannan

Senator Kiehl provided an overview of the state budget and how the numbers look going into the legislative session. He said when it comes to the governor's budget proposal that he submitted in December, the legislature is still waiting for some key pieces to come from the governor. He has until February 15 to get those amendments to the legislature. He said that in broad strokes, it looks like a flat budget, especially with respect to service delivery. There are no significant new programs proposed, nor major cuts proposed. He said there are several things the legislature will be looking at carefully. He gave an example of the former Senior Longevity Bonus, now known as the Needs-Tested Senior Benefits program, which is due to sunset this year.

Senator Kiehl noted that overall, they will be looking at a \$4.6B operating budget when they are talking about general funds. The governor's capital budget is looking to be around \$305M general funds which, when supplemented by federal dollars, will be approximately \$3.5B total. He mentioned that they do have some money in savings with the Constitutional Budget Reserve (CBR), which is sitting at approximately \$2.7B and is the one buffer they have without needing to dip into the permanent fund, to be able to counteract any problems with oil prices or other investment earnings. He noted permanent fund investment earnings that can be spent is the largest source of state revenue. He said it would really help if they were able to have a solid, sustainable budget plan, but he doesn't anticipate that will pass this year.

Senator Kiehl spoke to recent major oil projects that are being developed such as the Willow and Pica projects. These will likely result in increased revenues in the next five to six years.

Senator Kiehl shared that a long-term priority of his, as well as the Assembly, is to restore a public servants' defined benefits pension. He said that a defined benefits pension bill was moved out of the Senate Finance Committee yesterday and it will be headed to the Senate floor in the next week or two, which is tremendous progress. He said that he has set his own bill on the back burner and is supporting his colleague, Kathy Gissel's, pension bill just so that something can get passed.

Ms. Hale asked, as a beneficiary of a good pension plan now, what is the best way for us to advocate for a better pension plan.

Senator Kiehl listed a variety of options for providing public comment on the legislation including tracking the bill via the AKLEG.gov bill tracking management system, sending emails, writing letters, and that local governing bodies can send resolutions in support of the legislation.

Representative Hannan then provided updates about the education funding path. She noted that the pace has been very fast and last Thursday there was a joint session with three days of continued negotiations to try to override the governor's veto of the BSA education funding bill. Unfortunately, they were not successful in overriding the veto. She said the effort to increase the BSA has accelerated the pace at which the legislature is dealing with things. She noted there had been arguments and legal opinions on the state constitution use of the directive "shall" language and that may have been precedent setting. She said that has added to the pressure to take up SB140, which provides internet for schools. Last spring the House added additional items into SB140 including transportation for schools, BSA, and some others. That didn't happen and that bill didn't make it to the floor. Representative Hannan said last Saturday there were six hours of public testimony on the bill in the Rules Committee. That is a first for the Rules Committee to take substantive policy hearing on a bill; typically, they haven't done testimony as they are generally just scheduling things. She noted that the Rules Committee Chair and Speaker of the House are running things a little differently than in the past. She is anticipating the floor discussion and amendments to the bill may go all day tomorrow when the bill comes back to the floor for the second reading.

Representative Hannah said with respect to the overall budget and how it impacts local governments, they received overviews this week with Revenue, Office of Management & Budget (OMB), and Legislative Finance. It was pointed out that the Governor put the community revenue sharing back into the budget this year even though he had vetoed it last year. She said the amount in the governor's proposed budget is only \$20M rather than the \$30M that had previously been vetoed. She said that the governor's budget includes school maintenance

but only for one project a year in the amount of \$4M. While it is nowhere sufficient in many of their estimations, this is a step forward because at least these are in the Governor's budget.

Representative Story said her update will provide more details to Representative Hannan's update. Currently with respect to education funding, the Base Student Allocation (BSA) is \$300 BSA permanent reoccurring amount in the omnibus bill which is about \$2.4M per jurisdiction. There is a separate bill that came out of the Senate at \$1000 BSA that would mean \$8M for Juneau. The Alaska Association of School Boards and the Municipality of Anchorage are asking for \$1400 BSA. Schools are in crisis across the state. If this were just Juneau in a unique situation, that would be one thing, but the state has been flat funding education for 8 years and it is impacting jurisdictions statewide. Many people are concerned about the test scores based on National standards. While that is one measure that we can take seriously, there are many other measures that indicate positive trends. After COVID it is great to see most everyone back at school and we know that remote learning, especially for our younger elementary students, doesn't work as effectively. Representative Story said that we don't have enough teachers nationwide to meet the teacher shortage and for recruitment, we need to be able to say that funding is stable and not constantly being cut. Their caucuses in the House and Senate are working hard to make a significant increase in the BSA. She said the funding and other education bills will be ones to watch closely during this session.

Representative Story then expressed her appreciation to community members and the Assembly for their response to the Mendenhall River Flooding event this past year. The legislature is looking at some legislation to increase the amount for disaster assistance. It hasn't been increased for a long time and they are also looking at adding in condominium association homeowners to fall within those guidelines.

Representative Story then spoke to a bill she has sponsored and is carrying related to the Alaska post-secondary education and the university system which proposes an increase to the amount of money per student as well as increases to technology infrastructure and eliminates the SAT/ACT testing requirements. She noted that Senator Dunbar has introduced a companion bill on the Senate side. There is scholarship money set aside but right now they don't have enough students who are signing up for it. She said the timeline for scholarship awards and notifications are being moved up to help students in making their post-secondary education decisions. The House Education Committee put incentives that would award those students in the second tier, a higher tier award if they improve their GPAs because the University of Alaska (UA) system needs Alaska students to stay in Alaska. She noted that another bill is moving through the House for UA maintenance funding, and they have been fighting for more University of Alaska Southeast (UAS) maintenance projects to be done.

Deputy Mayor Hale noted that Assemblymember Paul Kelly was able to join the meeting at 7:45 a.m. after having been snowed into his home this morning.

Deputy Mayor Hale then provided an opportunity for the Assembly to ask questions of the legislators. Questions were primarily related to the way the BSA is calculated and how school funding overall is determined.

2. Update from CBJ State Lobbyist Kevin Jardell

Kevin Jardell reported they are pretty much in the same place where they were last year. He said the Permanent Fund Dividend (PFD) amount is going to drive a lot of the pressure on how much the capital budget could expand during the upcoming session. How much money is going to be used for the PFD will impact what additional things can be funded in the capital budget. Right now, if they go with the statutory dividend, there would be about a \$1B deficit. If they go with the \$1300 dividend, which is what it was this past year, it will go to roughly a \$1B surplus. There is still, as Senator Kiehl pointed out, some amendments to the governor's budget that will be coming such as Medicaid funding as well as others that have yet to come in. He noted somewhere between those numbers, the legislature will eventually settle on a final budget. He said right now, a lot of the focus in the building is on the rail belt, which will be dealing with potential energy shortages in the near term. Education is running parallel with that. He said we'll see, starting tomorrow, where the House comes out. He said the Senate and House will need to negotiate that with the Governor. He expects some increase to the BSA will eventually pass. He also noted how the population and demographics across the state and workforce shortages will be significant issues for Juneau, especially regarding state employment in Juneau. There are not a lot of solutions but the vacancy rate across the

state has been recognized as a growing concern. Mr. Jardell said he will be pushing the items in the packet that were received from Manager Koester but right now, the state budget is flat funded.

Mr. Smith asked if there was a pathway towards the city obtaining the 2nd & Gold parking lot. Mr. Jardell said he and the mayor have been engaged with the Department of Natural Resources (DNR) Commissioner about that. Mr. Jardell said he thinks there is a possibility of that. The State has not indicated an interest in developing that site to its fullest capability, so he believes it is a possibility.

3. Update from CBJ DC Lobbyists Katie Kachel and Dave Jansen

Ms. Katie Kachel said they arrived in Juneau safely Tuesday night, on time and she expressed her appreciation of all the snow removal efforts.

Ms. Kachel said Congress is in its second session. She said all the Juneau-related bills are aligned but it is a matter of getting them across the finish line. She noted the items in the Senate called Congressional Directed Spending (CDS) are known in the House as Community Project Funding and are often referred to as earmarks. She noted Juneau has a number of items in appropriation bills but also policy bills such as a bill directing the US Army Corps of Engineers about the wave attenuator and another bill reauthorizing programs in the FAA. She said the pending items in those bills and the passage of those are subject to bigger issues that are part of the negotiations. She said in D.C. there are impacts to bills based on various strategies going forward and while the saying is “hurry up and wait” they have to prepare for the next budget cycle while the negotiations are taking place and waiting for the current cycle to be complete. It depends on whether Congress gets its act together or if they will need to reintroduce at the next Congress. She then set out the next timelines of budget adoption. They will be closely watching the continuation resolution on the budget for the March 1 deadline. Congress has bifurcated the bills/deadlines so with the March 1 deadline, they are watching the Auke Bay wave attenuator. The next deadline of March 8, they will be watching the other two Juneau projects, BRH and police radios. She said she is hoping if Congress is able to agree on the March 1 deadline, they may also be able to agree on the March 8 deadline items as well. She said with respect to CFY24, there is an agreement on top overall numbers, and it will be up to the subcommittees to determine the outcome of each of the specific Juneau projects.

Deputy Mayor Hale noted that ‘Wáahlal Gidaag had to leave at 8 a.m. to attend another meeting.

Mr. Dave Jansen spoke about the acquisition of an ice breaker by the USCG. He said there was a CFY23 appropriation to the Department of Homeland Security (DHS) of \$120M for the purchase of an icebreaker but after that, the money disappeared, and they did not receive it. The USCG is still behind the project and has asked for \$140M for the CFY24 Budget. The USCG has first right of refusal authority to obtain the National Oceanic and Atmospheric Administration (NOAA) property/pier in Juneau. NOAA knows that this is going to be an agency-to-agency transfer of the NOAA property. When Admiral Fagen, USCG Commandant, testified to Congress last year, she stated strong support for the USCG to have an icebreaker up here. Mr. Jansen said that was recently followed up by Senators Sullivan and Murkowski sending letters of support for it. He said additional good news is the Alaska Congressional delegation is fully supportive of capital acquisition for the NOAA pier in Juneau. He said the catch right now is that the USCG wants to obtain the asset prior to developing the overall plan. He said that the timelines Katie mentioned with respect to appropriation bills will determine the timeline on how quickly the USCG can act on this matter to begin the capital planning.

Mr. Jansen said with respect to the Auke Bay wave attenuator, they were successful in getting language in last year’s Water Resources Development Act which authorized a study for the feasibility of that project. That doesn’t come with funding but it is a precursor that is necessary before the USACE can begin the study. He said they are trying to work with the appropriators to get that money included in the appropriation budget as a CDS earmark so the feasibility study could go forward with a federal match. He has heard nothing but positive remarks, but it remains to be seen with the current budget impasse on what the USACE receives in the final budget.

Ms. Kachel noted that another project is pending passage of an appropriations bill, which is a CDS earmark item for the Airport that would allow money for FAA lighting equipment. If passed, it would allow Juneau International

Airport to use federal lighting equipment. That bill is pending in the House version of the FAA bill. She said it is a must pass bill but it has been held up due to larger issues related to the number of flights permitted at the Ronald Regan Airport in DC and on pilot training issues.

Ms. Kachel said there have been a number of federal grants they were able to successfully get across the finish line for Juneau. She gave kudos to the staff and grant teams that pulled those together and worked so hard to get them through. The biggest one was for the Juneau-Douglas North Crossing. That was one of the largest planning grants that was funded under RAISE. She said another successful grant last year was Safe Streets for All for the Lemon Creek neighborhood. She said they will be building on those federal grants this next year. She noted that the delay with the appropriation bills has put a damper on moving grants forward as it takes the passage of the appropriations bills in order to fund the projects. She said their team will be helping Juneau for the next round of grant applications, how to apply, and determine which will be most competitive.

Mr. Jansen said going back to the operating requirements, the agencies are faced with the current administration trying to get money out the door but then Congress is not passing the appropriation bills that will allow them to distribute the money. This has led to agencies trying to expedite the process and the upcoming budget cycle will see a compression of time in the next cycle's process. They are going to try to front load as much as they can with "skinny" notices of funding capabilities and then providing more robust documentation later on supporting those. He said the Department of Transportation (DOT) may take proposals for two fiscal years because they already have money that was approved through the bipartisan Infrastructure Law and the Inflation Reduction Act. He said that is money that has already been appropriated, plus any additional money that comes from what Congress ends up appropriating in CFY24. He said everyone will need to be alert for when notices of availability are sent out. He said it will be important for CBJ to have its priorities aligned and ready to apply when those opportunities come up. This will be a different year in that regard.

Assemblymembers, the lobbyists and the Juneau Legislative Delegation then discussed the various reasons for success of the projects that have made it over the finish line, as well as what they might be able to do to increase the chances of pending projects to make it through the system. A key piece of the success of these projects is due to the Alaskan Congressional delegation having key committee assignments and their support of the projects in the CDS bills. Another key piece is having alignment and cooperation between the state and local legislative and administrative entities pulling together for Alaskan/Juneau goals and projects.

Representative Story thanked Mr. Barr for his role with the Child Care Task Force and she noted the key role having childcare resources in Juneau plays in being able to bring an icebreaker to Juneau will be.

Mr. Smith noted once the legislative priority list is complete, the Assembly will be forwarding a resolution with those to the congressional and state delegations.

4. Review of Legislative Capital Priorities

Ms. Hale noted the draft list of Legislative Capital Priorities was included in the packet, and she asked Manager Koester to provide an overview with the understanding that the meeting has a hard stop of 8:45 a.m. due to legislators' schedules.

Manager Koester set out the process that has occurred so far and noted that these are scheduled for the Assembly Committee of the Whole (COW) meeting of January 29 with adoption scheduled for the Assembly meeting on February 5 in time for the February 16 CAPSIS deadline. The purpose of this list is not only to get the decision makers the resources they need to advocate for Juneau but also to give our community a better look at the bigger projects. She said the number one priority is Juneau-Douglas North Crossing and that the City was successful in getting the RAISE grant for that, which also requires local match for the federal funds. She said they still do not have a preferred alternative as that is part of the NEPA process. She noted the second priority is the Telephone Hill development will be one of the projects the Assembly will be discussing at the February 12 COW meeting. She asked members to give her or her staff a call if they have questions about specific projects or need more information. She highlighted that in addition to this being a list to provide to the state, they also pulled from

this list to send items to the Federal delegation. She noted that they can be looked at as having two different directions: 1) going to the state, and 2) going to the federal government but all coming from the same overall list.

Ms. Hale noted that while the priorities fall in a certain order on the list, what they have come to understand based on what may or may not get funded at the congressional level isn't the order of priority, but whether they are on the list in the first place. She asked Ms. Kachel if she could elaborate on those nuances.

Ms. Kachel said it isn't necessarily a numbers issue but we don't want two projects trying to pull funding from the same buckets during the same earmark cycle. If there are two competing projects, such as Fats, Oils, & Grease (FOG) and Composting, which would be coming from the same subcommittee's appropriations bill they would look to the priorities list to help determine which fiscal year earmark cycle they would be pushing each of those. She also gave the Lemon Creek Multi-Modal Path project as an example of one before the Transportation Committee which they would be pushing in a different earmark cycle than the Juneau-Douglas North Crossing project. Other projects she noted that could potentially be put into other earmark buckets included the Museum project, so long as it did not compete with the Capital Civic Center project. Also, in looking at the workforce housing item for the ski area, she said that sends up some possible red flags optically since it may not hold up well against a competing workforce housing project in an underserved area of Detroit for example. She noted that other projects that may run into similar challenges would be skate parks, parking garages unless they tie into other things such as underserved communities or park and ride situations. She said with respect to earmarks for school buildings she will need to check on that, but her understanding is there are no earmarks for school brick and mortar needs but rather only for programmatic issues.

Ms. Kachel and Mr. Jansen then spoke to the work that Congress has done to authorize funding for harbor rebuild projects in the last Defense reauthorization bill for 15% funding of port/harbor projects.

[Clerk's Note: the Zoom connection rebooted at 8:36 a.m. and was reconnected at 8:40 a.m. Audio/video for the meeting was lost during that time.]

Ms. Hale led the discussion with the legislative delegation and Assembly regarding the list of priorities and noted housing is the top priority for this Assembly, and they are working hard on all the issues related to that since it affects everything else on this list.

Senator Kiehl, Representative Story, and Representative Hannan reiterated their appreciation for the list as well as the close relationship they have with the CBJ Assembly and staff, and they look forward to working together on these issues.

Ms. Hale thanked everyone for attending and recognized and thanked Carra Hall for attending the meeting. Ms. Hall is the local staff representative for the Alaska Congressional delegation.

G. SUPPLEMENTAL MATERIALS

- 5. RED FOLDER: FY2025 Legislative Priorities Memo**
- 6. RED FOLDER: Summary of Assembly Member Scores: FY25 Draft Legislative Priorities Revised 1/24/24**
- 7. RED FOLDER: FY25 CBJ Legislative Capital Priorities List (DRAFT)**

H. ADJOURNMENT

Deputy Mayor Hale adjourned the meeting at 8:47 a.m.