

ASSEMBLY COMMITTEE OF THE WHOLE WORKSESSION

DRAFT MINUTES

June 26, 2023, at 6:05 PM



Assembly Chambers/Zoom Webinar

A. CALL TO ORDER

Deputy Mayor Maria Gladziszewski called the Assembly Committee of the Whole meeting to order at 6:32p.m. following adjournment of the Special Assembly meeting. The COW meeting was held in the Assembly Chambers and virtually via Zoom.

B. LAND ACKNOWLEDGEMENT

Mr. Bryson provided the following land acknowledgment: "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: Maria Gladziszewski, Wade Bryson, Alicia Hughes-Skandijs, Greg Smith, Michelle Hale, Christine Woll, Carole Triem, and 'Wáahlaal Gídaag

Assemblymembers Absent: Mayor Beth Weldon.

Staff Present: City Manager Rorie Watt, Deputy City Manager Robert Barr, Acting Municipal Attorney Sherri Layne, Municipal Clerk Beth McEwen, Deputy City Clerk Andi Hirsh, Finance Director Jeff Rogers, Finance Director Angie Flick, Engineering and Public Works Director Katie Koester, BRH CEO David Keith, BRH CFO Sam Muse, Lands Manager Dan Bleidorn, Treasurer Ruth Kostik

D. APPROVAL OF AGENDA

The agenda was approved as presented.

E. APPROVAL OF MINUTES

1. September 26, 2022, Assembly Committee of the Whole DRAFT Minutes

Hearing no objection, the minutes of the September 26, 2022, COW meeting were approved.

F. AGENDA TOPICS

2. Short Term Rental (STR) Ordinance

Chair Gladziszewski noted that there had been some discussion about a possible round-table discussion. She clarified that they were not doing that at this meeting or taking any testimony. She noted that the next time members of the public can testify on this ordinance will be when it comes back to the Assembly for public hearing. She noted the Assembly has received a lot of input from the public on this ordinance and there is a new version in the folder with strikethroughs and underlines indicating what has changed.

Chair Gladziszewski put **Ordinance 2023-26(b) An Ordinance Creating a Short-Term Residential Rental Registration Program and Providing a Penalty.** before the body for purposes of discussion, amendment and action.

Ms. Gladziszewski outlined the changes on the new draft of short-term rental (STR) ordinance from the previous one viewed by the Assembly, noting that it includes new whereas clauses, the business license number instead of

a copy of the business license will now be required, the section on reporting amenities was crossed out, and there is a new 90-day effective date instead of taking effect 30-days after adoption.

Mr. Barr said there was a memo in the packet answering many of the questions that were brought up during public testimony. He said that on packet page 18 is a first draft of what the registration form might look like depending on what the Assembly does at this and future meetings.

AMENDMENT #1 by Ms. Triem to add “69.40.040 Exemptions: ... b) A business that is registered as a bed and breakfast and defined by CBJ Code 49.80.120 and has gone through the conditional use permit process.” In speaking to her amendment Ms. Triem said these businesses have been regulated through the land use code and the Planning Commission.

OBJECTION by Mr. Smith for the purpose of a question. He asked if Mr. Barr had any concerns about this amendment. Mr. Barr said that it is a policy call; he said that the distinctions between a bed and breakfast (B&B) and a STR are sometimes unclear, especially when they are listed on a typical STR platform like Airbnb or VRBO. He said that some communities regulate B&B’s and STR’s separately, other communities regulate them together. He said this amendment would result in a little less data when the Assembly is thinking through regulatory options, but that he did not think the numbers would be significant. Mr. Smith removed his objection.

Ms. Gladziszewski asked how many B&Bs are operated in Juneau. Mr. Barr said he did not know.

Ms. Triem said that the policy goal of this ordinance was to measure the effect of STRs on local housing stock. She said that B&Bs will not be part of our local housing stock, so they should not be included in the data.

OBJECTION by Ms. Hale for purposes of a question. She asked if B&Bs can be counted through their licensing process. Mr. Barr said they can look at it but would be hesitant to commit to it because it crosses multiple departments. He said that B&B’s conditional use permits are issued by the Planning Commission, supported by the Community Development Department and this new registration process will be administered by the Sales Tax Office, part of the Finance Department. He said the data between those two entities would not be the same, so comparisons would be tricky. Ms. Hale removed her objection.

Ms. Kostik, who oversees the Sales Tax office, said that one complication with excluding B&Bs comes from the fact that business names are not always used on STR listings, so it can be difficult to tie a permitted B&B to an STR listing.

OBJECTION by Ms. Gladziszewski to this amendment, in speaking to her objection she said she did not feel like there were very many permitted B&Bs.

Roll Call vote on Amendment #1

Yeas: Ms. Triem, Ms. Hale, Mr. Bryson, ‘Wáahlaal Gídaag

Nays: Mr. Smith, Ms. Hughes-Skandijs, Ms. Woll, Ms. Gladziszewski

Motion failed, 4 yeas, 4 nays.

AMENDMENT #2 by Ms. Hale to strike the clause that new registrations must be completed in 10 business days and replace it with new registrations must be completed quarterly.

Speaking to her amendment, Ms. Hale said that many rentals oscillate between short-term and long-term and they get busy in the summer. She was worried about people missing the 10-day window and receiving a fine of \$25 per day. She said she would like this to be included when people file their quarterly sales and bed taxes, but failing that, she would like to at least change the window from 10 days to 30 days.

Ms. Kostik said that changes that need to be reported are things like whether the business has been sold, not that it contains a long-term renter for several months. She also said that the quarterly tax return is about the business and an operator may run multiple short-term rentals.

Ms. Hale withdrew her amendment.

AMENDMENT #3 by Ms. Hale to strike the clause that new registrations must be completed in 10 business days and replace it with 30 business days.

Hearing no objection, Amendment #3 passed by unanimous consent.

Mr. Bryson asked if operators who run multiple locations must fill out multiple forms. Mr. Barr said yes. Mr. Bryson asked if something is registered as a STR, but then goes to a long-term rental at some point during the year, do they need to do anything? Mr. Barr answered no, they do not.

Ms. Hale, sharing the request from the mayor, said she wanted to have a registration form that allows people to mark a checkbox if nothing changed from the previous year.

AMENDMENT #4 by Ms. Hale, on page 3 of 5 of the ordinance, to strike the requirement that the operator provide "Contact information for an emergency point of contact for the operator or operator's designee who is responsible for responding to complaints or emergencies in a timely manner, in person, if required by public safety personnel, or over the phone or by email at any time of day." In speaking to her amendment, she said it was unnecessary for registration and could be added back in the future if it turns out to be needed.

OBJECTION by Ms. Hughes-Skandijs. In speaking to her objection, she said owners may not manage the STRs and that it's important to be able to contact someone if needed.

Ms. Woll said she supported this amendment, because without it this felt like regulating STRs before the Assembly agreed on how to regulate STRs.

Mr. Barr said that the form will still include owner and operator contact information, due to other parts of the ordinance. He said that emergency contact information is typically included when municipalities struggle with neighborhood complaints.

Ms. Hughes-Skandijs removed her objection.

Hearing no further objection, Amendment #4 passed by unanimous consent.

MOTION by Ms. Hale to move Ordinance 2023-26(b) as amended to the full Assembly for public hearing and asked for unanimous consent.

Hearing no objection, Ordinance 2023-26(b) as amended moved to the full Assembly for public hearing by unanimous consent.

3. BRH proposed purchase of BBGH Development LLC, property

Mr. Watt said, in June, they introduced an appropriation ordinance for \$8.1 million from the Hospital Fund Balance for the purchase of this property. Mr. Watt said that the hospital has struggled in the past to have enough space and that purchasing this would allow for greater physical flexibility. Mr. Watt said he did not have anything to offer on the merits of this purchase, but that BRH CEO David Keith and CFO Sam Muse were available to answer questions. He said this will be up for public hearing on July 10.

Ms. Woll asked what this change will mean for people who use Juneau Bone and Joint services. Mr. Keith said that over time it will be used for professional medical services, but they plan to maintain orthopedic services.

Ms. Triem asked about the BRH Board's decision process. BRH Board Chair Kenny Solomon-Gross said that this is a great piece of property located near the hospital. He said this is the best scenario for Bartlett to expand to serve the people of Juneau. He said they have been working on this for many years, and that until now, the property has not come up on the open market.

Ms. Hughes-Skandijs asked for an estimated timeframe for when BRH might expand services into this building. Mr. Keith said that approximately 12-18 months before additional specialists might be able to expand into that space. Ms. Gladyszewski asked if the current people operating in the building will be able to continue to lease space. Mr. Keith said that Juneau Bone and Joint will stay in place, but that BRH will own the real estate.

Ms. Gladziszewski said that there has been flooding in that area. Mr. Watt said the ordinance gives budget authority for the acquisition of the property. Mr. Watt said they will work with the administration to complete all the details, including looking at potential flooding.

‘Wáahlaal Gídaag asked about the other tenants. Mr. Solomon-Gross said that Grumpy’s Deli, Edward Jones, Applied Behavioral Analysis, and other entities are currently renting space in the building. Mr. Keith said they will be respectful of their contracts.

4. Aurora Integrated Oncology Foundation – TEFRA Bond Hearing Request

Mr. Watt said this was an unusual topic that they do not have expertise in. He said that Southeast Radiation and several other oncology providers in Alaska want to form a new nonprofit for business reasons and use federal TEFRA bond financing. TEFRA bonds are tax-exempt and to get the TEFRA bonds, local governing agencies are required to hold a public hearing and pass a resolution of support. This group is simultaneously making this request to the Kenai Peninsula Borough, the Municipality of Anchorage, the Mat-Su Borough and the City and Borough of Juneau. Mr. Watt said that Greg Merrill, President of Radiation Business Solutions, and Dr. Eugene Huang, from Southeast Radiation Oncology were available to answer questions.

Ms. Gladziszewski asked if other municipalities had already signed this. Mr. Watt said that the Kenai Peninsula Borough had.

Ms. Hale asked if this would cause any decrease in oncology services in Juneau. Dr. Huang said the purpose of this nonprofit is to make sure that all the cancer clinics that are currently operating independently continue to survive, thrive, and stay open. He said that these clinicians already meet weekly to peer review each other’s work and sometimes cover each other’s practices. He said this is their attempt to be able to work more closely together; they will benefit by being able to purchase in bulk and offer economies of scale for contracts. Dr. Huang said this nonprofit organization they are creating would need to acquire all the existing buildings and land, which is what they will use the tax-exempt bonds for.

Ms. Triem said she is uncomfortable with this unusual process and she does not want to obligate CBJ to do anything. She said she would like to see more geographical representation on the board, specifically someone from Southeast Alaska. Mr. Merrill said the current board is very small, only five people, and he is supportive of more geographic representation going forward if they expand. He noted that Dr. Huang, from Juneau, will be the Chief Medical Officer and will report to the board.

Ms. Hughes-Skandijs asked if the TEFRA bonds were required to go from for-profit entities to a non-profit umbrella agency. Mr. Huang said that a non-profit structure was a better fit for what the cancer clinics are trying to achieve. He said that they are not asking the City and Borough of Juneau for anything financial, but that this is a requirement of the IRS which gives the local community a chance to decline a project.

Mr. Merrill noted that in 2011 or 2012, CBJ went through a similar TEFRA hearing process for Wildflower Court.

Ms. Hughes-Skandijs asked the Manager if he was confident that CBJ would not be obligated to anything if this passed. Mr. Watt said they would ask for a legal opinion from their bond council if this was forwarded to the full Assembly. Ms. Hughes-Skandijs requested that staff do more research.

MOTION by Ms. Hale that the Committee of the Whole request staff to put together a resolution in accordance with the IRS requirements and that the resolution include a whereas clause that says that CBJ is not obligated for anything, and to forward it for public hearing at the next regularly scheduled Assembly meeting.

Hearing no objection, the motion passed by unanimous consent.

G. STAFF REPORTS

H. NEXT MEETING DATE

July 17, 2023, 6:00p.m.

I. SUPPLEMENTAL MATERIALS

- 5. RED FOLDER - Ordinance 2023-26(b) An Ordinance Creating a Short-Term Residential Rental Registration Program and Providing for a Penalty.**

J. ADJOURNMENT

There being no further business to come before the Committee of the Whole, the meeting adjourned at 7:49p.m.