

ASSEMBLY FINANCE COMMITTEE MINUTES

February 5, 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 5:30 pm by Acting Chair Wade Bryson.

B. ROLL CALL

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

Committee Members Present Virtually: Ella Adkison

Committee Members Absent: Alicia Hughes-Skandijs; Christine Woll

Staff Members Present: Katie Koester, City Manager; Robert Barr, Deputy City Manager; Angie Flick, Finance Director; Adrien Wendel, Budget Manager

Other Members Present: Liz Perry, Travel Juneau President & Chief Executive Officer; Kathleen Harper, Juneau Arts and Humanities Council Facilities Manager; Brian Holst, Juneau Economic Development Council Executive Director; Justin Shoman, KTOO President & General Manager

Other Members Present Virtually: Amy Skilbred, Juneau Community Foundation Executive Director

C. APPROVAL OF MINUTES

1. January 8, 2025

The January 8, 2025 minutes were approved as presented.

D. AGENDA TOPICS

2. Partner Agency Program Updates

Angie Flick, Finance Director, introduced the agenda item and stated that the CBJ partner agencies would be presenting highlights of their current projects. She explained that because these organizations are funded regularly, they're included as part of the Manager's budget.

Assemblymember Greg Smith joined the meeting in person at 5:31 pm.

Travel Juneau

Liz Perry, Travel Juneau President & CEO, introduced the memo on page twelve of the packet. She highlighted some of the projects the organization had been assisting with over the last year. She discussed details of how Travel Juneau had supported the Aukeman Triathlon group by providing seed money and promoting the event through advertisements and social media. Travel Juneau's efforts last year helped increase the event

registration by fifty percent, for a total of 150 participants. She stated that similar efforts were underway for this year's event, with a goal of 200 participants.

Ms. Perry discussed other events Travel Juneau was looking to help organize, including a music festival and a food festival. She pointed to the list of links for videos that Travel Juneau had helped create in collaboration with Sealaska Heritage Institute. She shared that these videos had been gaining traction online and spreading to various news outlets.

Ms. Perry discussed details of the Tourism Best Management Practices (TBMP) Crossing Guard program. She stated that the program did not deliver as it was supposed to last season and a request for proposal had been put out this year to see what other organizations might be interested. Clear deliverables have been laid out and more accountability was the goal for this program in the upcoming season.

Mayor Weldon asked how the \$4.5 million in secured funds for economic impact was calculated.

Ms. Perry stated that this calculation was provided by the McKinley Research Group (formerly the McDowell Group) and has been worked into Travel Juneau's database. She shared that the calculation considered the number of room nights, facility rental cost, the number of total attendees who will need hotel rooms, and overall attendee spending while they're in town.

Acting Chair Bryson asked for a summary of Travel Juneau's partner organizations' experiences finding short-term rentals and hotel rooms. He asked if it has been a struggle for them in recent years.

Ms. Perry stated that it has been more difficult recently for these organizations to find hotel rooms. She shared that the focus had moved away from bringing large groups into Juneau in summer, in favor of trying to bring more small groups.

Juneau Arts and Humanities Council

Kathleen Harper, Juneau Arts and Humanities Council (JAHC) Facilities Manager, introduced the slide on page fifteen of the packet that shows a breakdown of the FY25 funds from last year's funding request. She stated that these amounts remained static from the last year, with the exception of the regranting category which saw a notable increase. She shared details on how this was due to grant recipient demands and intent to use the increased funding to supplement the lack of arts programming within the Juneau School District (JSD) relating to JSD's budget crisis last year.

Ms. Harper shared details on the Individual Artists Grants program that supports local artists. She shared highlights on some of the projects that were funded and discussed how these organizations used the funds for operations, specific projects, and increased interaction with students and classrooms to increase educational outreach in the arts. She shared details on last year's JAHC Town Hall meeting with JSD administrators and the major grant recipients.

Ms. Harper stated that because last year's funding did not increase grant amounts to individual artists, administrative operations, or rental support there was not any distinct areas of program growth to report on. The plan moving forward would be to continue purposeful shifts towards enabling community education programs through partnership with local organizations and businesses. She shared that JAHC was entering into a period of strategic planning, focusing on five-to-ten-year goals.

Assemblymember Kelly asked Ms. Harper to speak about some of the criteria that was used to decide on which individual artist grants to award.

Ms. Harper stated that artist grant requests must happen through an application process that requires a portfolio with examples of the artists' work and details on how and why they plan to use those funds.

Acting Chair Bryson asked how many artists had benefited from the re-granting programs.

Ms. Harper replied that it was difficult to know the number currently but by reaching out to their partner organizations JAHK could better narrow in on the impact these programs have had on artists in the community.

Juneau Economic Development Council

Brian Holst, Juneau Economic Development Council (JEDC) Executive Director, introduced the slide on page 23 of the packet. He stated that JEDC had been in existence as a nonprofit serving Juneau since 1987 and that their mission was to help foster a sustainable economy in Juneau and throughout Southeast Alaska. He spoke of JEDC's community partners and investors who provide annual support. He introduced the JEDC Board of Directors and staff members.

Mr. Holst discussed details of JEDC's five areas of focus which are: help to make Juneau a great capital city, strengthen key regional industries, promote entrepreneurship and small business, develop talent, and deliver economic development services. He shared highlights of the JEDC FY20-24 return on investment data (found on page 36 of the packet) which shows the exponential value they've created from the investments CBJ and other investors have made over the last five years.

Assemblymember Smith asked that if JEDC bought property in downtown Juneau, would they be able to leverage additional funds or financing that a private investor would not have access to.

Mr. Holst replied that this was potentially true. He shared that JEDC had approached some large foundations in the State who were interested in making investments and while no commitments had been made, conversations were ongoing. He mentioned other partners that have aligned interests, that could potentially support JEDC goals with funding.

Acting Chair Bryson asked how much space was required to have a cold storage facility and which part of Juneau would be an ideal location.

Mr. Holst stated that a potential location had been identified and that there were some rough estimates of potential use. He shared that there was an emerging mariculture industry and a considerable amount of investment in that space. He stated that those companies would need some cold storage capacity.

Assemblymember Hall asked Mr. Holst what he would define as the three top priorities for Juneau to help support migration.

Mr. Holst answered that his top three priorities to support migration would be community land trust investments, increased support for early education and childcare, and investments designed to attract workers in key demographics.

Assemblymember Kelly asked which demographic Mr. Holst would define as the key demographic for Juneau to focus on attracting.

Mr. Holst responded that this demographic was adults with children eighteen years old or younger.

Better Capital City (Alaska Committee, KTOO)

Justin Shoman, KTOO President & General Manager, introduced himself and began discussing the Gavel Alaska station created by KTOO in partnership with the Alaska Committee. He shared that the channel provides Alaskans with live coverage of the State's legislature including all Senate and House floor sessions, press conferences, legislative events, and the Alaska Supreme Court. He shared that Gavel had been in existence for about thirty years and stated that in the past year it provided 864 hours of legislative coverage, 48 hours of judicial coverage, and 8 hours of executive coverage.

Mr. Shoman stated that with grant funding from CBJ, ten personnel positions were supported. Part of the funding was used to invest in technology infrastructure, including cameras outfitted throughout most of the Capitol building. He shared that within the last year new dedicated connections, with limited latency, had been made to Anchorage and Fairbanks. He explained how Gavel was the principal source of legislative video for nearly every media outlet across the State.

Mr. Shoman mentioned the current year's State project for the ranked choice vote count, in collaboration with the Alaska Division of Elections. He stated that due to consumer viewing habits, Gavel had been focusing on enhancing their digital infrastructure. He shared graphs on pages 45 and 46 of the packet that show increased viewership through apps and streaming services at last year's legislative session. He mentioned Gavel's marketing partner, Cedar Group, and spoke on the outcomes from their marketing strategies. He stated that the current year's sponsorship revenue was at a record high.

Acting Chair Bryson and Assemblymember Hall expressed their gratitude for Gavel Alaska's services.

Juneau Community Foundation

Amy Skilbred, Juneau Community Foundation (JCF) Executive Director, introduced herself and directed the Body to the memo starting on page 48 of the packet. She explained the details of the 21 grants JCF gave out in Fiscal Year (FY) 25 that went towards Juneau's health and social services. She described the granting process and mentioned the interim reports that organizations submit to show how grant funds were being spent and how the community has benefited. She mentioned the CBJ Utility waivers that were given out in the previous year.

Ms. Skilbred explained how their partner agencies were ensured funds if they were adjacent to the City, such as youth shelters, the hospital, and Juneau schools. She stated that homelessness was not currently decreasing in the community despite money JFC had spent to keep people housed. Through these grants, JFC has assisted nonprofits who were willing to develop additional housing. She described the difficulty that organizations have had with filling positions, either because it was hard to find personnel willing to do the work or personnel were finding better paying jobs with better benefits at different agencies in town.

Ms. Skilbred described JFC's mission in helping the community with food access and distribution for those in need. She shared that they have been working with Southeast Alaska Food Bank and others to improve coordination of food delivery across town. She estimated that the funding ask from JFC would be around \$4 million this year.

Assemblymember Smith asked what the trajectory of nonprofit funding was when considering all funding sources.

Ms. Skilbred responded that if housing development was included into this calculation, the trajectory for nonprofit funding was currently increasing. She provided details on how funding for various projects had been increasing this year.

Mayor Weldon asked when approving grants for organizations, how does JFC ensure they are providing funds to appropriate organizations and for appropriate needs, not allocating duplicate funds to multiple organizations for the same project.

Ms. Skilbred answered that the process involved regular meetings throughout the year with agency leaders, discussions on the details of any gaps for clients, and clear definitions of what was needed to support their clients.

Acting Chair Bryson asked if there was any leverage used with other grant funds when funding from CBJ was secured.

Ms. Skilbred replied that for several of JCF's main organizations that provide social services, the funds provided to them are the match they need for federal funding.

Ms. Flick stated that the next step for the partner agencies that presented in this meeting was to provide their budget information to CBJ Staff. If they had additional requests above the status quo funding they would need to seek Assembly sponsorship.

The Committee took a brief at ease at 6:41 pm.

The Committee reconvened at 6:54 pm.

3. Assessment Ordinance 2025-09

Ms. Flick directed the Committee to page 56 of the packet which shows a memo from the CBJ Law Department, followed by the ordinance. She described the ordinance as aligning CBJ code with changes to State law, specifically Senate Bill 179. She stated that the goal in this meeting was for the Assembly to have policy discussion on a component, formally required by the State, involving tax abatements for economic development.

Ms. Flick explained how State law used to require the possibility of property tax abatement, except for the portion attributable to local education, and how a determination was to be made on the mill rate regarding the portion of tax funds going to education. She shared that with the new State law the requirement was removed but municipalities could still choose to leave it in code. She shared that as a result of the affordable housing loans that had gone out, more properties would be coming onto the tax rolls that would qualify under the exemption. The question to the Assembly would be whether they wanted to continue to collect the amount of property tax attributable to education or remove the requirement from code.

Assemblymember Steininger asked for confirmation that no matter what action was taken on this topic, the required local contribution to education would remain 2.65 mills based on total property value, regardless of any abated property tax.

Ms. Flick confirmed that this was correct.

Assemblymember Steininger asked if there were any tax abatements allowable under State statute that CBJ has chosen not to implement.

Robert Barr, Deputy City Manager, responded that he believed State law allowed for optional expansion of the senior citizen property tax exemption per municipality. He stated that he was not aware of any other tax abatements allowable by the State.

Staff answered further Committee questions.

Assemblymember Hall expressed support for not changing CBJ code even though the new State law allowed for that possibility.

Mayor Weldon asked Staff what the recommended Assembly action was for this topic in the current meeting.

Ms. Flick shared that the ordinance to update CBJ code, to align with the new State law, had already been introduced. If the Assembly wanted to amend the ordinance to keep the code as it was, requiring 2.65 mills of property tax for abated properties, they could do so in the current meeting.

Motion: by Mayor Weldon to move to remove the language in Ordinance 2025-09 that is in all caps on page 56 of the packet and replace it with the proposed amendment on page 57 of the packet labeled Section 6, 69.10.023 (g).

Objection: by Assemblymember Steininger.

Assemblymember Steininger spoke to his objection sharing that while moving forward with the motion would not affect school funding amounts. He stated that by allowing a full tax abatement to qualified properties, the Assembly could encourage more housing development.

Mayor Weldon expressed support for her motion, stating that allowing a full tax abatement for qualified properties would shift the tax burden to the CBJ General Fund or other tax payers.

Assemblymember Kelly and Acting Chair Bryson expressed their support for the motion.

Assemblymember Smith asked that if the motion was passed and the amendment to the ordinance was adopted, would that affect the tax rate on projects that were currently ongoing or just the projects that would be started after this decision.

Mr. Barr responded that the Riverview project had an existing contract that included existing code requirement, so their taxes would not be changed.

Assemblymember Adkison expressed support for the motion.

Assemblymember Steininger withdrew his objection.

Motion passed by unanimous consent.

Motion: by Assemblymember Steininger to amend Ordinance 2025-09 by inserting amended CBJC Section 15.05.140, as reflected in the supplemental material provided in the meeting.

Assemblymember Steininger spoke to his motion stating that the new statute adopted by the ordinance included a provision that would require the Assessor to answer all reasonable questions asked by a property owner. He described this requirement as vague. He intended to add more details and transparency to the information that the Assessor's Office would be required to provide residential property owners. He shared that his motion would not apply to commercial property. His provision would require the Assessor to provide a copy of the parcel cost report at the property owner's request.

Mayor Weldon asked Staff how this provision would work in accordance with City's non-disclosure law.

Mr. Barr answered that nothing in the nondisclosure law would prevent the City from disclosing data, but rather the City could not require sellers or realtors to provide property sales data.

Motion passed by unanimous consent.

4. Bond Initiatives

Ms. Koester shared that in a previous meeting the Committee had asked for more time to decide if they wanted Staff to work towards putting bonds on the October 25th, 2025 ballot. She stated that in this meeting more information and context would be provided. The two major bonds in discussion were the water and wastewater utility infrastructure bond and a potential school bond.

Ms. Koester began discussing the utility bond, sharing details on the different options to rate increases and different mechanisms to mitigate their impact. She stressed that this conversation should not be about setting utility rates but rather what the Committee would like to achieve from a bond perspective. She mentioned that Staff had been asked to model what impact a \$10 million bond would have on wastewater rate increases and the results showed a three percent reduction, year after year, for every \$10 million. She stated that it was possible to bond for more than \$10 million, to have a greater impact on mitigating rate increases, but that work would need to be spread out over multiple years because of the City's limited capacity to do that work.

Ms. Koester mentioned the idea of using a portion of sales tax revenue to help mitigate rate increases. She explained how a portion of sales tax revenue was already used for streets infrastructure and that rehabilitation of streets can sometimes be dependent on the conditions of the underground utility infrastructure. She shared a potential scenario where the voters might approve a \$10 million bond for FY27 and \$2 million every year in Streets sales tax for water and wastewater, resulting in a rate increase for wastewater of five and a half percent year after year and a zero percent increase for water rates year after year.

Assemblymember Kelly asked if meaningful conversation on this topic came out of the forum, held a few months ago, that he was not able to attend.

Ms. Koester summarized the public sentiment from that meeting as concern with the sharp increase in utility rates. She shared that there were suggestions on ways to defer that obligation to other payers, such as the cruise ships or through a seasonal sales tax.

Assemblymember Smith asked Staff for confirmation that the utility rate increases were due to start in FY26, as well as the use of Street sales tax funds towards the water and wastewater utility.

Ms. Koester confirmed that the goal was to have a utility rate increase passed by the start of FY26 and that around \$1 million was proposed in a CIP to use Street sales tax dollars for utility infrastructure.

Assemblymember Hall asked Staff to explain the history of using sales tax revenue towards utilities.

Ms. Koester stated that the last time the voters approved a 1% sales tax to dedicate to Capital Projects, utility infrastructure was not included on the list. The decision would come before the voters again in October 2028, to start another five-year cycle.

Adrien Wendel, Budget Manager, shared that in the FY19 to FY24 one percent sales tax initiative, \$15.5 million was allocated to both wastewater and water infrastructure maintenance.

Acting Chair Bryson expressed support for the water and wastewater utility but stated he was concerned about bringing another bond to the voters this year. He shared that he felt the voters deserved a break from a bond ask this year and that a better bond package could be brought back in the following year.

Motion: by Mayor Weldon to move to give the Utility Advisory Board direction to develop a \$10 million project and a \$20 million project and bring them back to the Assembly Finance Committee.

Motion passed by unanimous consent.

Ms. Koester directed the Committee to page 59 of the packet which shows the FY26 JSD six-year CIP plan. She shared that it was likely that the school debt bond reimbursement program was likely to be reinitiated this year and it would make CBJ well positioned to initiate eligible projects. She recommended that, if the Committee had an appetite for a JSD bond, they ask the Joint Facilities Committee to work to determine what projects would be best for that program.

Assemblymember Smith asked if it was known when the State's share would come back before the legislature for an appropriation, if a school bond was approved by Juneau voters in the fall.

Ms. Koester responded that generally the funding would be included in the next year's budget and the legislature would fund it, the Governor would not veto it.

Ms. Flick added that the CBJ Department of Finance submits the current school debt to the Department of Education and Early Development (DEED) every year. If the voters did approve a school bond, the submission to DEED would show that debt would be issued that would qualify under the State program.

Acting Chair Bryson asked that if the State implements the program, what were the chances that they might pause or suspend the program at a later time. He expressed concern for the possibility that school project funds appropriated by the City might not be reimbursed by the State.

Assemblymember Adkison shared that a moratorium extension until 2030 was included in the Governor's Education Omnibus Bill.

Motion: by Mayor Weldon to move the Joint Assembly/School Board Facilities Committee develop a list of projects targeting \$5 million, \$10 million, and \$15 million.

Objection: by Assemblymember Kelly for the purpose of a question.

Assemblymember Kelly asked if the maker of the motion wanted to add a deadline for the project recommendations to be brought before the Committee.

Mayor Weldon stated that she would leave the setting of the deadline up to the Chair and Joint Assembly/School Board Facilities Committee.

Assemblymember Kelly removed his objection.

Motion passed by unanimous consent.

5. Juneau Fireworks

Acting Chair Bryson clarified that this conversation would not involve discussion on firework ordinances allowing residents a 36-hour window, twice a year, to light fireworks. He stated that this topic was for discussion on the community fireworks show that happens just after midnight on the Fourth of July.

Mr. Barr directed the Body to the memo on page 61 of the packet. He shared that the Assembly had historically offered, as part of the Assembly Grant process, funding to community volunteers who prepare orders from fireworks vendors and manage the receiving, connecting, and discharging of the fireworks. He stated that two years ago the fireworks detonated prematurely on the barge and that event triggered Staff to look at how this process was being managed, from a risk perspective.

Mr. Barr shared that Staff found CBJ did have significant risk exposure because of how the process was being conducted and that the process wasn't in alignment with the CBJ procurement code. He mentioned that last year there was an attempt to address these problems by issuing a Memorandum of Agreement (MOA) to the Fireworks Committee but there was no resolution because there wasn't an actual organization that represented the group of volunteers to issue an MOA to.

Mr. Barr stated that in the memo there were a couple of options for Assembly action to resolve these issues. The first option was the status quo choice which would involve accepting the risk with a \$350,000 payment that would come before the City's general liability insurance kicked in in the case of a destructive event. The second part of that option was to direct Staff to prepare an ordinance exempting this specific purchase from the procurement code.

Mr. Barr described the second option of issuing a Request for Proposal (RFP) and stated that if the Assembly determined that the risk was too high or that the procurement code exemption was not good policy they could choose this second option. He stated that this option would most likely involve a vendor from the lower 48 states and would be more expensive, with the added benefit of having the chosen vendor take on the liability with their own insurance.

Mr. Barr described the third option as choosing option one or two for just this year and then continuing to explore alternative options for future years. He mentioned that there may be other potential local partners to engage with in future years.

Assemblymember Smith asked for confirmation that the City's maximum risk in the case of a catastrophic event involving the fireworks would be \$350,000.

Mr. Barr responded that the amount the City might be liable for, in the event of an accident involving fireworks, depended on the scale of harm caused. He stated that in a truly negligent event the City could be

exposed to more cost. From a general liability perspective, \$350,000 would be the amount the City would be on the hook for before their general liability insurance kicked in.

Assemblymember Kelly asked, in a hypothetical event, if there would be a percentage of damages due in addition to the \$350,000 paid by the City.

Mr. Barr responded that he didn't believe a coinsurance would apply to the general liability payout. He mentioned that the City's insurance rates organization wide were dependent on its history of qualified events and that one event could have an impact on rates in other departments of the City.

Acting Chair Bryson asked if there was enough time to implement one of these options for this year's fireworks show.

Mr. Barr stated that there was still time to pass an ordinance to enable the status quo option but that if another option was chosen, it was unlikely that a firework show of the same scale as past years could be organized for this year with the changes involved.

Assemblymember Steininger asked how much the City was spending on the current firework show.

Mr. Barr answered that this cost was about \$50,000 a year.

Motion: by Mayor Weldon to move forward with Option 1 for this year, with the assumption that the volunteers will be willing to perform the show, and also move to explore Option 2 and Option 3 for 2026, unless the volunteers join with a community group.

Objection: by Assemblymember Kelly.

Assemblymember Kelly expressed concern that the motion might not cover every possibility to ensure that a fireworks show would happen this year.

Acting Chair Bryson shared his belief that the volunteers were very likely to put on the fireworks show this year with the status quo option being approved by the Assembly.

Assemblymember Hall expressed support for the status quo option for this year but wanted to see the other options explored for the following years.

Assemblymember Kelly withdrew his objection.

The motion passed by unanimous consent.

Ms. Flick mentioned that in the supplemental materials for the packet, a draft of the FY26 budget process calendar was included. She shared that in the previous year the first meeting of the budget process was held on a Saturday and allowed for a longer meeting to overview the budget needs. This enabled the Committee to skip a couple of the Wednesday meetings instead of having to meet every Wednesday of April and May, and that a similar schedule was recommended for this year.

E. EXECUTIVE SESSION

6. Regarding Airport Board Concerns

Motion: by Mayor Weldon to move the Assembly Finance Committee into Executive Session to discuss matters which may tend to prejudice the reputation or character of any person, specifically to deliberate on concerns regarding Airport Board members and ask for unanimous consent.

Motion passed by unanimous consent.

The Committee entered into Executive Session at 8:19 pm.

The Committee came out of Executive Session at 9:45 pm.

Motion: by Mayor Weldon to move that the Assembly Finance Committee remove Ms. Garza from the Airport Board and ask for unanimous consent.

Motion passed by unanimous consent.

Motion: by Mayor Weldon to move that the Assembly Finance Committee remove Mr. Custer from the Airport Board and ask for unanimous consent.

Motion passed by unanimous consent.

F. NEXT MEETING DATE

7. March 5, 2025

G. SUPPLEMENTAL MATERIALS

8. FY26 Assembly Finance Committee Budget Calendar

H. ADJOURNMENT

The meeting was adjourned at 9:46 pm.