ASSEMBLY WORKSESSION WITH JUNEAU LEGISLATIVE DELEGATION – MINUTES

January 26, 2023 at 7:00 AM

Assembly Chambers

This in-person Assembly Worksession was held in the Assembly Chambers and no public testimony was taken.

A. CALL TO ORDER

Mayor Beth Weldon called the Assembly worksession with the Juneau Legislative Delegation to order at 7:07am.

B. LAND ACKNOWLEDGEMENT

Assemblymember Smith provided the following land acknowledgement: We acknowledge that the City and Borough of Juneau is on Tlingit land, and wish to honor the people of this land, the Auk Kwaan and Taku Kwaan. 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: Mayor Beth Weldon, Deputy Mayor Maria Gladziszewski, Assemblymembers Wade Bryson, Alicia Hughes-Skandjis, Greg Smith, Michelle Hale, Carole Triem, and ‘Wáahlaal Gíidaak.

Assemblymembers absent: Christine Woll.

Also present: Senator Jesse Kiehl, Representative Sara Hannan, Representative Andi Story, and lobbyists Katie Kachel, Dave Jansen, Kevin Jardell.

Staff present: City Manager Rorie Watt, Deputy City Manager Robert Barr, City Attorney Robert Palmer, Municipal Clerk Beth McEwen, Deputy Municipal Clerk Andi Hirsh, Lands Manager Dan Bleidorn, Engineering/PW Director Katie Koester, Community Development Director Jill Maclean, Port Director Carl Uchytil, Bartlett Regional Hospital Chief Executive Office David Keith, and Police Chief Ed Mercer.

D. MANAGER'S REQUEST FOR AGENDA CHANGES/APPROVAL OF AGENDA

None.

E. AGENDA TOPICS

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

Members of the Legislative delegation introduced themselves and their staff. City staff then introduced themselves and their lobbyists.

Senator Jesse Kiehl gave an overview and update of the current legislative year.

Sen. Kiehl serves on the Legislative Council, which is chaired by the Senate this year. A recent project is the renovation of old Assembly apartments, which will introduce 33 units exclusively for legislative use. This project helps both Juneau housing in general and acts as a bulwark against moving the capital.

Sen. Kiehl also serves on the Finance Committee. He said the Governor introduced something akin to a “status-quo” budget, which includes no large budget cuts but also no increases to account for inflation. He said that education funding also remained flat in the governor’s proposed budget. Sen. Kiehl noted that the Governor’s budget as proposed uses approximately $250,000,000 in saving, not including any supplemental requests that may have come in after the proposal and before the February supplemental request deadline. Mr. Kiehl estimated a total draw from savings around $450,000,000. Sen. Kiehl said that oil prices declined, so they were not expecting any savings to accrue in the current fiscal year. Sen. Kiehl noted that the

Governor's budget as proposed includes a PFD based on the statutory formula, and that he thought it unlikely that the legislature would draw down savings to such an amount to support the PFD. Sen. Kiehl said that it was also unlikely the legislature would introduce any additional broad-base revenue measures.

Sen. Kiehl highlighted several things of local interest: First, the governor's budget did not allocated money into the community assistance fund. The legislature might backfill those funds. Second, the governor's budget funded the ferry system at a level which allows vessels to operate. The legislature and governor will have a "back-and-forth" about how much of the ferry funding will come from the federal infrastructure bill; the governor has proposed to primarily use the infrastructure funds for routine operations. Sen. Kiehl noted that the infrastructure bill provides funding for 5 years only and said he believes a responsible use of the federal funding is to replace aging vessels and fix old terminals.

Sen. Kiehl said he has filed three pieces of legislation:

-SB10: Hunting/Trapping/Fishing licenses for military and disabled veterans

-SB 11: Teachers and Public Employee Retirement Plans for all public employees, including municipal workers.

-SB12: Address Confidentiality Program for survivors of domestic violence and sexual assault

Representative Andi Story gave an overview and update of the current legislative year.

Rep. Story started by thanking Assemblymember Greg Smith, a former aide to Rep. Story.

Rep. Story said that the House of Representatives is organized, with herself in the minority; she had hoped they would be able to organize in a multipartisan coalition but that did not happen. She said that an increase in education funding through increasing the Base Student Allocation (BSA) is a core value, as it will impact all Alaskans. Rep. Story said that people in the House majority are championing an increase in BSA and a return to defined benefits for public employees.

Rep. Story is on the Education Committee and the State Affairs Committee. The State Affairs Committee would include any capital move bill, changes to the PFD, or election reform bills. She said she wants to make sure infrastructure dollars are lining up with projects that will lower the cost of living for residents. She highlighted the importance of deferred maintenance, which keeps part of the construction community working and brings jobs into Juneau.

Rep. Story has introduced several bills and highlighted the two below:

-HB31 Alaska Performance Scholarship Eligibility for modernization of an underutilized scholarship fund.

-HB 44 Cultural Education Program and Reading Improvement to provide money to implement the 2022 Alaska Reads Act and would require the Department of Education to have a cultural education division.

Representative Sara Hannan gave an overview and update of the current legislative year.

Rep. Hannan said she is serving on the House Finance Committee. She said that School Bond Debt is fully funded in the Governor's proposed budget. She noted that does not mean that the State will maintain other buildings, but that they have funded the debt already incurred.

Rep. Hannan talked about changes to the Alaska Marine Highway System (AMHS), particularly that Captain Falvey, AHMS's general manager for 20 years, retired. She praised the Commissioner of Alaska Department of Transportation, Ryan Anderson, but noted that most of his experience is in roads and not ferries. She specifically highlighted the problem of seasonal instead of year-round jobs for AMHS employees, and said that these skilled workers can get a better paying year-round job in the private sector any time. Rep. Hannan said the cutback in AMHS winter service meant that workers did not have enough hours to have health insurance.

Rep Hannan said the budget is flat funded. She said that Juneau Superintendent Bridget Weiss told her that Property and Indemnity Insurance increased 600% in the last three years to $1,200,000/year and paying for that increase comes out of maintenance and teacher aide budgets. She said she will be actively fighting for an increase to the BSA and a restored pension system.

Rep Hannan said that 19 of the 40 members of the House are freshman and 17 of those members have never served in the Legislature before, so there is a sharp learning curve.

Rep. Hannan said the Legislature was only able to undertake the renovation of the Assembly housing building due to the Juneau Community Foundation (JCF) purchase and donation of the building. The JCF is also funding part of the renovations. The project deadline is scheduled for completion in January 2024. The JCF also purchased the historical art collection from the Baranof Hotel and donated it to the legislature.

Rep. Hannan said she has a couple of bills, but as she is in the minority and they are unlikely to be heard. She hoped to reintroduce a bill on E-cigarette taxation which had made it through the last session but was vetoed by the Governor.

The Assembly asked the Legislative delegation questions.

Ms. Triem asked if there is an opportunity to tackle issues other than the budget and capital priorities? Rep. Hannan said that it is a good time to educate all of the freshman legislators on issues but she does not know if people will have the bandwidth to cover additional issues. Sen. Kiehl said that it would be a big lift to pass something this year, but as it's a two year legislature it is worth having those conversations. Rep. Story said she thinks childcare might be a topic that gains traction.

Mr. Smith said the CBJ has done a lot to support childcare in Juneau and asked if the legislative delegation saw potential for federal or state support. Sen Kiehl said that new childcare assistance rates for low-income households have been implemented recently and are now in effect. He said this would help slightly but not solve any problems.

Mr. Bryson asked about removing the square footage component from the BSA. Sen. Kiehl said that the opportunity to change the square foot requirement lies with the Department of Education in regulations. He said that square footage comes into play relative to adequate school size which is separate from the funding formula which pays for operations. He said he would be happy to talk with the Department and the School District about those numbers. Rep. Story said that school size is important for long term vision and planning; when Thunder Mountain High School (TMHS) opened the graduation rate increased for everyone. Rep. Hannan said she is focused on getting more money into the BSA rather than focusing on changing the formula.

Ms. Hughes-Skandijs asked about Sen. Hughes' legislation regarding abortion; she asked the legislator's feedback on the amount of traction on that bill. Rep. Story said that Sen. Ben Stevens said he did not think abortion legislation would progress in the Senate.

Ms. Hale said that without a pension or social security, younger state workers are at risk. She asked if there is anything CBJ or the Assembly can do to help promote a pension at the State. Sen. Kiehl said that the current Tier IV (Defined Contribution) plan has consistently performed not as well as the pension tiers and it costs more. He said that they need support from municipalities across the state. Rep. Hannan said that the Tier IV plan creates a revolving door of 5 years of service and she provided examples to highlight the problem. Rep. Story said there is nothing more crucial than this.

2. Update from CBJ State Lobbyist Kevin Jardell

Mr. Jardell said that the tone of the Governor and Administration has changed significantly since the governor's first election. Mr. Jardell said he is slightly optimistic about the possibility of cooperation as there is no super majority. He also said that several members of the Administration are more willing to engage with

Southeast Alaska communities. He then gave his update on Tier IV/PERS funding, education funding, AMHS funding, capital budget, infrastructure funding and other things that are important to Juneau.

Mr. Jardell said the Harbor Bill looks like it has a good chance of being funded with the infrastructure bill.

'Wáahlaal Gíidaak asked if he could provide more information about carbon credits. Mr. Jardell said there are two separate issues with carbon credits; the first is carbon credit use in sequestration which follows a regulatory path to allowing the State to do this; the second is the voluntary offset carbon credit market, where companies buy credits to offset their carbon by not cutting down trees. He said it would be difficult for municipalities to partake in the voluntary offset carbon credit market, as they normally do not own the mineral rights. Sen. Kiehl said that the legislature has a lot of questions, such as "Is carbon a mineral resource?" but more discussions and research will happen. Rep. Hannan said that the Southeast Alaska region will be a player in this dialogue around carbon credits, especially considering the Tongass, mariculture, and kelp use locally.

Ms. Smith asked Mr. Jardell about the administration's interest in disposing or transferring state properties to the CBJ. Mr. Jardell said the Governor would like to get property out for municipalities to use but the mechanisms for doing so are difficult.

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

Katie Kachel introduced Dave Jansen from Blank Rome, CBJ's Washington D.C. Lobbyists.

Mr. Jansen highlighted two legislative accomplishments: First, was working with Mr. Uchytil and Mr. Watt to get legislation included in the United States Coast Guard (USCG) Authorization Division in the National Defense Authorization Act that provides authority for National Oceanic and Atmospheric Administration (NOAA) to convey the subport property to CBJ. The USCG has the right of first refusal from NOAA for a limited time; if the USCG passes on the subport then it will be conveyed to CBJ. Mr. Jansen said that in either scenario the subport property will have future development. Second, was securing authorization and a directive to U.S. Army Corps of Engineers to complete a feasibility study for the Auke Bay wave attenuator.

Ms. Kachel provided an update on Congressionally Directed Spending items that impact CBJ. Included in the FY23 Omnibus bill that passed in December 2022 are $7 million in planning funds for the Juneau North Douglas Crossing Project and a $2.5 million planning grant for a CBJ Composting facility. Blank Rome also supported CBJ in competitive grants, including $1.4 million for electric charging equipment for the Mendenhall Valley Transit Center. They are currently waiting on the announcement regarding a safe streets planning grant and a multimodal path in Lemon Creek.

Ms. Kachel highlighted some other coalition work they supported, including grant for dock electrification which was unsuccessful and a one-year Payment In Liew of Taxes (PILT) extension which was successful.

She said that other major changes that affect CBJ were: a change to Local and Tribal Assistance Grant Program, part of American Rescue Plan Act, to allow combined city governments to be eligible for this funding and an extension of the Secure Rural Schools Program, a program that supports schools that are affected by the decline in revenue from timber harvests on federal land.

Ms. Kachel said they are starting to gear up for the next round of grants, and there are significantly more opportunities because of the Bipartisan Infrastructure Law and Inflation Reduction Act. Grants they are looking into include Reconnecting Communities, Rural Surface Transportation grant program, Port Infrastructure grant program, RAISE grant for multimodal surface transportation, Safe Streets for All, Energy Efficiency grants for rural K-12 schools, and passthrough funding from the Department of Energy.

Mr. Jansen provided a broad overview of what they expect in Washington D.C. in 2023. In the U.S. House, Sam Graves from Missouri is chair of the Transportation and Infrastructure Committee and the new ranking member is Rick Larson from Washington state. Mr. Jansen is hopeful that that large, bipartisan bills from this committee have a good chance of passing the House and going to the Senate. In the Senate, Patty Murray,

from Washington state, is now chair of Senate Appropriations committee and Senator Maria Cantwell, from Washington state, has retained her chair of Senate Commerce Committee, both appointments are good for this region. Alaskan Senator Dan Sullivan also remains of the Senate Commerce Committee.

Mr. Jansen noted that the end of 2023 and all of 2024 will be more political due to the presidential election cycle. He said this will motive people on authorizing committees to try and get as much work done as possible in 2023.

Ms. Kachel said the Federal Aviation Administration (FAA) reauthorization bill is up in 2023 and Blank Rome will be looking at that on behalf of the Juneau airport.

4. Review of Legislative Capital Priorities

Ms. Koester noted that the legislative capital priority list presented is a draft, as the Assembly will be talking about it that evening at the Committee of the Whole (COW) meeting. She said it has gone through about a four-month public process to receive feedback.

Ms. Hale asked how important the individual ranking of items is on this list. Ms. Kachel answered that an item's rank is important in competitive grants but because CBJ does not categorize the funding into topics (such as infrastructure, schools, etc…) it can be hard to look at them all side by side. Mr. Smith asked if it would be helpful in future years to put them in topic groupings. Ms. Kachel said that federal government programs do not have a framework for that, and it is more important for the grant application to make a strong case and show community support.

Rep. Hannan said that current year rankings are looked at by the legislature and that they are looking for a combination of items, including a range in project prices and projects in the region, not just from CBJ.

Sen. Kiehl said he always appreciates variety in the legislative capital priority list. Sen. Kiehl noted that he needed to leave.

Ms. Kachel said there are state and federal priorities, and federal priorities include congressionally directed spending and is a competitive process. She said it is a very complicated process and that rankings matter, but less than a lot of other factors.

Mr. Smith asked if CBJ internally has the resources they need to influence and leverage the upcoming federal funding? Ms. Kachel answered yes.

Ms. Triem gave a big thank you to Sen. Lisa Murkowski for the competitive grant program for ferry service, of which AMHS received $285 million dollars.

F. SUPPLEMENTAL MATERIALS

None.

G. ADJOURNMENT

There being no further business to come before the body, the meeting was adjourned at 8:55a.m.