

ASSEMBLY FINANCE COMMITTEE MINUTES

May 1, 2024, 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 Chair Christine Woll.

B. ROLL CALL

Committee Members Present: Chair Christine Woll; Michelle Hale; Greg Smith; Paul Kelly; Ella Adkison; Alicia Hughes-Skandijs; Wade Bryson

Committee Members Present Virtually: None

Committee Members Absent: Mayor Beth Weldon; Wáahlaal Gíidaak

Staff Members Present: Katie Koester, City Manager; Robert Barr, Deputy City Manager; Angie Flick, Finance Director; Adrien Wendel, Budget Manager; George Schaaf, Parks & Recreation Director; Dave Scanlan, Eaglecrest General Manager

Others Present: Gretchen Keiser, Alaska Heat Smart Board President; Andy Romanoff, Alaska Heat Smart Executive Director; David Russell-Jensen, Sealaska Heritage Institute (SHI) Board Secretary and Development Officer; Lee Kadinger, SHI Chief Operating Officer (COO); Mike Satre, Eaglecrest Board President

C. APPROVAL OF MINUTES

1. April 17, 2024

The April 17, 2024 minutes were approved as presented.

D. AGENDA TOPICS

2. Assembly Grants & Community Requests

Chair Woll stated that at the April 17 AFC meeting Assemblymembers heard from the sponsors of each community request and identified the questions they needed to ask in order to fully consider the request. Those questions are provided in the May 1 AFC packet for some of the community organizations to answer at tonight's meeting. She asked Assemblymembers to state which organizations they had questions for tonight.

Alaska Heat Smart

Gretchen Keiser, Alaska Heat Smart Board President, introduced herself and stated that the Assembly goal this funding request was addressing was the goal of advancing Juneau's renewable energy capacity. She explained how Alaska Heat Smart was helping to reduce fossil fuel use and shift to the electrification of heating. She continued explaining how this also helped with the affordable housing goal through the monthly savings their efficient heat pumps would create.

Ms. Keiser addressed the Assembly question of whether there was precedent for people trying to get out of electric baseboard heat and switch to heat pumps. She stated that approximately thirteen percent of their clients have converted to heat pumps from electric baseboard heat. She explained that it was common for builders constructing multi-family housing units to still use baseboard heaters and described different incentives to help these builders to choose heat pumps.

Andy Romanoff, Alaska Heat Smart Executive Director, spoke more on the multi-family housing issue with regards to switching from electric baseboard heat to heat pumps. He stated that they were working with Alaska Electric Light & Power and National Renewable Energy Laboratory on a study of four facilities to see the difference of efficiency from electric baseboard heaters and heat pumps. This study will help identify overall benefits to residents in lower monthly electricity bills.

Assemblymember Smith asked what would happen if the Assembly only approved a third of the three-year funding request, choosing to only fund for one year at this time.

Ms. Keiser stated that Alaska Heat Smart would appreciate any funding from the Assembly. She explained that their goal was to get the most out of a multi-year funding and that this stability would be used as a basis for longer range strategic planning, as well as recruitment and staff retention.

Assemblymember Smith asked if the three-year funding was approved, would Alaska Heat Smart see themselves becoming self-sufficient after three years.

Mr. Romanoff answered that he wasn't sure. He stated that there would be pressure to diversify funding streams in working towards the goal of self-sufficiency.

Sealaska Heritage Institute

David Russell-Jensen, Sealaska Heritage Institute (SHI) Board Secretary and Development Officer, introduced himself and Lee Kadinger, SHI COO.

Assemblymember Smith asked for more clarity on the SHI funding request and what those funds would help to accomplish.

Mr. Kadinger clarified the need for the project outlined in the packet on page thirteen, stating that several of their major partners were pausing funding. He explained that SHI was looking for ways to delay some components of the project until a later time when their partners would start providing funding again. He stated that approximately \$2 million in Federal funds were due to be spent before the end of September of this year, so part of their funding request was to help keep the project moving forward so they could utilize the entirety of the Federal funds.

Chair Woll thanked the community organizations for being present. She stated that work on the Assembly Pending List would begin next week at the May 8 AFC meeting.

Motion: by Assemblymember Hale to move all community requests except for the Capital Civic Center Marine Passenger Fee request to the Pending List and asked for unanimous consent.

Assemblymember Hale clarified that the Capital Civic Center funding request would be addressed as part of the Passenger Fee Plan instead of the Pending List.

Motion passed by unanimous consent.

3. Youth Activity Grant Funding

Angie Flick, Finance Director, directed the Committee to page 64 of the packet. She explained that Youth Activity grant funding was acted on by the Assembly every year and that the request this year was for Assembly approval of the funding recommendations on page 66 of the packet.

Assemblymember Kelly asked for more elaboration on the contingency funding and how it would be used.

George Schaaf, Parks & Recreation Director, answered that the contingency funds were required by the resolution that established the Youth Activities Board and the Youth Activities Grant program, to reserve money for unexpected expenses that grantees have and unexpected program expenses.

Motion: by Assemblymember Hale to move that the Finance Committee approve the funding recommendations on the list on page 66 of the packet and request that the City Manager increase the Youth Activity funding to \$350,000 in the FY26 budget and asked for unanimous consent.

Objection: by Assemblymember Hughes-Skandijs, requesting that the maker of the motion divide it into two separate motions.

Assemblymember Hale withdrew her original motion.

Motion: by Assemblymember Hale to move that the Finance Committee approve the funding recommendations on the list on page 66 of the packet and asked for unanimous consent.

Motion passed by unanimous consent.

Motion: by Assemblymember Hale to request that the City Manager increase the Youth Activity funding to \$350,000 in the FY26 Manager's Proposed Budget.

Assemblymember Hale spoke to her motion stating that since the decrease of \$17,500 in funding ten years ago, the cost of everything has sharply risen and especially more recently due to inflation. Bringing back the funding to the original level would be a start in the right direction for Youth Activity.

Motion passed by unanimous consent.

Motion: by Assemblymember Smith to move to add a funding increase for \$17,500 to the Youth Activity Grant budget in FY25 to the Pending List.

Objection: by Assemblymember Hughes-Skandijs, stating that there were a lot of moving pieces in the Manager's Proposed Budget, important work that had already been done, and it would be best to introduce an increase in funding next year.

Objection: by Assemblymember Hale for the same reasons Assemblymember Hughes-Skandijs stated.

Roll Call Vote on Motion

Ayes: Smith, Kelly

Nays: Hughes-Skandijs, Adkison, Bryson, Hale, Chair Woll

Motion failed. Two (2) Ayes, Five (5) Nays.

4. Eaglecrest

Robert Barr, Deputy City Manager, introduced the memo on page 67 of the packet which shows the amount of General Fund support that Eaglecrest had received for its operations over time and provides information on the request for future operational support.

Mr. Barr explained how the General Fund loan would address the Eaglecrest deficit in the Manager's Proposed Budget and help them ramp up for summer operations. He stated that from the Manager's Office's perspective, the revenue projections prepared by Eaglecrest appear to be ambitious. He explained that the memo discusses different options for the Assembly to consider from a funding perspective.

Mr. Barr noted a typo at the end of the memo, on page 70 of the packet, that states \$810,800 coming from the Restricted Budget Reserve. He clarified that it was supposed to state it would be from the Unrestricted General Fund.

Assemblymember Kelly asked if the six percent pay increase was to help make Eaglecrest more competitive in attracting staff.

Mike Satre, Eaglecrest Board President, answered that that was correct.

Assemblymember Adkison asked for more details on why the loan request was decreased by almost \$74,000.

Dave Scanlan, Eaglecrest General Manager, responded that originally there was funding associated with hiring a ropeway specialist to help install the gondola. They decided to pull that position out of the funding request because it was now going to be funded through the Goldbelt capital improvement project.

Assemblymember Hughes-Skandijs asked Staff for more details and clarification on the different funding options shown in the memo.

Mr. Barr replied that all the numbers on page 69 of the packet, with one exception noted in a footnote, are in addition to the \$930,000 of General Fund support that is in the Manager's Proposed Budget. He explained that the total number shown at the end of each option can be understood to show the combined FY25 and FY26 funding need.

Chair Woll asked if salaries and summer operations weren't being increased in the \$406,700 request, what would explain the deficit.

Mr. Satre explained that because of inflation, the cost of everything from operations to supplies had increased significantly.

Mr. Scanlan stated that other increases were seen in the cost of insurance policies, bank card fees, and wages.

Assemblymember Hale stated that she did not feel adequately prepared to make a decision on this request.

Chair Woll asked the Eaglecrest representatives when they needed to have a decision by the Assembly on how they would support Eaglecrest in starting their summer operations. She asked if they could explain the timing for ramping up to full summer operations with the gondola.

Mr. Satre stated that they were already doing some summer operations with minimal staff and that to increase those operations they would need to increase staff, especially when operating the gondola.

Mr. Scanlan stated that the timing was difficult to project because of the way the fiscal year splits up the summer tourism season. He explained that in this request the timing would have Eaglecrest start summer operations around May of 2025. Having the funding now would help to accomplish the administrative work needed with Human Resources to create the new summer specific staffing positions and recruit for that critical season. He stated that recruitment in the current times was extremely challenging. He shared that Eaglecrest would like to be able to communicate to some of their winter staff that there would be springtime and summer work in the future.

Assemblymember Smith asked what kind of public process had occurred so far on summer operations and its impact on the North Douglas community.

Mr. Satre stated that they had just gone through a Planning Commission conditional use permit process for the gondola and pertinent facilities. He stated that summer operations were on the Eaglecrest Board's agenda every month and that there was outreach from Mr. Scanlan and Eaglecrest staff to the community to work through any issues.

Assemblymember Kelly asked what the potential impact on summer operations would be if the Assembly chose to delay funding.

Mr. Satre explained that the long-term goal was to have the gondola installed and be fully functional for summer operations and that they saw this goal as fitting in with the Assembly's goal of providing a valuable visitor experience while minimizing impacts to the community. He stated that without proper funding the timeline for summer operations would be at risk.

Mr. Scanlan stated that the longer Eaglecrest full summer operations were delayed, the more delayed relationship building with all the major cruise lines would be. He explained that proper funding now would help build the human capital necessary to run a successful summer venture, without putting that burden on the taxpayers or the Assembly. It would allow the summer operations revenue to be reinvested towards Eaglecrest's future success.

Mr. Barr added that if this funding was delayed the impact would be that Eaglecrest would not start realizing revenue that it was projecting to generate starting in 2025. This would mean that unless the Assembly were to direct a different way for Eaglecrest to resolve its current year \$406,700 deficit, that General Fund support need would increase substantially.

Assemblymember Hale requested that Eaglecrest leadership work with Alexandra Pierce, Visitor Industry Director, to reach out to community members for more public discussion.

Mr. Satre stated that they expected the impact of summer operations on non-Eaglecrest users to be almost negligible. He stated that community members would benefit from Eaglecrest summer operations because cruise ship visitors would be more dispersed from high trafficked areas.

Motion: by Assemblymember Hughes-Skandijs to move that the Finance Committee fund Eaglecrest in FY25 at \$518,800, which is the base budget plus six percent pay scale increase, with the understanding this would carry forward to FY26, with funding to be provided by General Fund balance.

Objection: by Assemblymember Smith for the purpose of asking if they could add funding for an additional FTE in FY25 after the Assembly saw more details in the analysis.

Chair Woll confirmed that was correct.

Assemblymember Hale asked Mr. Satre if this motion would be enough for Eaglecrest to continue moving forward as the Assembly figured out its next steps.

Mr. Satre answered that the potential risks were outlined in the memo. He stated that Eaglecrest wanted to work with the Assembly in a collaborative fashion towards full summer operations.

Assemblymember Adkison asked Mr. Barr if he knew how long an independent analysis of revenue projections like the one proposed in the memo might take.

Mr. Barr replied that this was a difficult question to answer. They would need to put together a Request for Proposal for professional services. He expressed that this would impact the Eaglecrest summer operations timeline outlined in the memo.

The Committee recessed at 7:00 pm.

The Committee reconvened at 7:10 pm.

Amendment to the Original Motion: by Assemblymember Kelly to move to add 9.68 FTE in FY26.

Objection: by Assemblymember Hughes-Skandijs, stating that there was not enough backup documentation and details present for her to be comfortable in making decisions about FY26 at this time.

Objection: by Assemblymember Hale.

Assemblymember Kelly withdrew his motion.

Assemblymember Bryson expressed support for Assemblymember Hughes-Skandijs' motion and stated the importance of raising Eaglecrest staff wages to remain competitive.

Chair Woll expressed support for this motion and stated the importance of knowing the cost of making the gondola operational and knowing the exact timeline of making that happen.

Amendment to the Original Motion: by Assemblymember Smith to change the funding source from General Fund balance to a General Fund loan with a zero percent five-year term, with the first year of repayment starting in 2027.

Objection: by Assemblymember Bryson.

Assemblymember Bryson spoke to his objection stating that loaning Eaglecrest funds to help cover staff wages was poor business practice.

The Committee took a brief at-ease.

Assemblymember Hughes-Skandijs stated that while it was not a good business practice to loan funds to cover wages, the date Assemblymember Smith picked was far enough into the future that the Committee could assume Eaglecrest would have a functional gondola, and the revenue that comes with it, by the time repayment of the loan began.

Objection: by Assemblymember Hale for the purpose of expressing interest in loaning at a higher amount later in the budget process.

Objection: by Assemblymember Adkison for the same reasons as Assemblymember Hale's objection.

All objections were withdrawn.

Amendment passed by unanimous consent.

The original motion, as amended, passed by unanimous consent.

Motion: by Assemblymember Hughes-Skandijs to move that the Assembly place \$50,000 on the Pending List for an independent analysis of Eaglecrest business plans and revenue projections.

Motion passed by unanimous consent.

5. General Obligation Bond Options

Katie Koester, City Manager, presented the memo on page 73 of the packet, stating that the Committee should be aware of timing considerations for placing measures on the ballot. She explained the timeline on the memo and stated that July 1 was the absolute last date to introduce an ordinance to put something on the ballot with passage on July 29. She stated that the Manager's Office is proposing two bond projects for the October ballot, with the first bond being for the remainder of the needed funding for public safety communication infrastructure. She stated that CBJ had received congressionally directed spending from Senator Murkowski and expressed that this was a mission critical project because of the poor state of the public safety communication infrastructure.

Ms. Koester spoke to the second project proposed by the Manager's Office for \$10 million in water and wastewater utility improvements. She stated that they anticipated additional bond requests or capital requests for utility projects. She stated that the Utility Advisory Board had been working through a rate request for the Assembly and they had presented on the need to raise rates. Ms. Koester explained that because there was already a rate increase scheduled for July 1, she wanted the Assembly to work through a decision on a future increase outside of the budget cycle.

Assemblymember Kelly asked Staff if it would be possible to show the mill rate impact of each proposal included in future memos.

Ms. Koester directed the Committee to page 74 of the packet which shows details on the debt service mill rate. She explained that one of the assumptions made was that three of these bonds would be twenty-year bonds and the larger bond would be a thirty-year bond.

Assemblymember Hale mentioned that one of the Assembly goals was to reduce the mill rate and that what the Assembly had been doing in the last few years was holding the debt service mill rate flat and paying off debt early.

Assemblymember Smith stated that the Dimond Park Field House elevator was a priority of his and that he had been looking for funding sources. He asked about the threshold for project size in relation to a bond that was, for example, \$1 million dollars.

Ms. Flick replied that if the only bond in consideration was a \$1 million bond she would advise that it was not worth the expense of issuing that bond.

Motion: by Assemblymember Hale to move to direct staff to do what needs to be done to initiate a bond for \$11.75 million for public safety communication infrastructure and \$10 million for wastewater infrastructure and asked for unanimous consent.

Assemblymember Smith stated that he would like to see this topic come back to committee prior to being introduced to the full Assembly.

Motion passed by unanimous consent.

6. Information Only

Ms. Flick directed the Committee to page 75 of the packet which reflected fund balances for various CBJ funds. She stated that the Gastineau Human Services grant had been introduced and was reflected in this update, as a pending item. She directed the Committee to the Pending List on page 77 of the packet which showed all of the community requests in order from largest to smallest dollar amount. She shared a tool built in an Excel spreadsheet that showed the impact on the mill rate when a recurring/operational cost was approved on the Pending List. She clarified the calculated mill rate equivalent was reflected of the areawide mill rate.

Assemblymember Hale asked if the roughly \$12 million at the bottom of the left column on page 75 of the packet included the \$9 million in fund balance that the City Manager had previously recommended as a minimum balance to preserve.

Ms. Flick answered that the \$12 million was the Unrestricted General Fund balance and that it was up to the Assembly to decide the amount of funds to keep as a minimum balance. She shared that it was recommended in the past to keep between \$6 million and \$9 million as a fund balance floor.

Ms. Flick directed the Committee to the calendar on page 79 of the packet. She explained that there were a couple of changes made to the calendar with the intent of letting the public know that the Committee may be ready to take on some of these decisions at the May 8 AFC meeting. She reminded the Assembly that if they had any CIP amendments that they should send those to Staff as soon as possible so they could be added to the packet for the next meeting.

E. NEXT MEETING DATE

7. May 8, 2024

F. SUPPLEMENTAL MATERIALS

6. Assembly Grants & Community Requests

a. Additional Responses to Assembly Information Requests

These materials were discussed as part of Agenda Topic #D (2) above.

G. ADJOURNMENT

The meeting was adjourned at 8:12 pm.