ASSEMBLY FINANCE COMMITTEE AGENDA

January 04, 2023 at 6:00 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

B. ROLL CALL

C. APPROVAL OF MINUTES

1. **November 30, 2022**

D. AGENDA TOPICS

2. **Declining Workforce in Alaska**
3. **Employee Recruitment and Retention Proposals**
4. **Deferred Compensation Match Proposal**
5. **Travel Juneau Hotel-Bed Tax Increment Request**
6. **Dock Electrification Revenue Bond**
7. **BRH Management of Wildflower**
8. **FY22 CBJ Audit Status**
9. **Information Only: River Road Junked Vehicle Cleanup**

E. SUPPLEMENTAL MATERIALS

10. **FY2024 Legislative Priorities**
11. **Dock Electrification Revenue Bond August Memo**
12. **Info Only: BRH Management of Wildflower**

F. NEXT MEETING DATE

13. **February 1, 2023**

G. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org.

ASSEMBLY FINANCE COMMITTEE MINUTES - DRAFT

November 30, 2022 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 5:41 pm by Mayor Beth Weldon.

B. ROLL CALL

Committee Members Present: Mayor Beth Weldon, Chair; Maria Gladziszewski; Michelle Bonnet-Hale; Alicia Hughes-Skandijs; Wade Bryson

Committee Members Present Virtually: Wáahlaal Gíidaak; Carole Triem

Committee Members Absent: Christine Woll; Greg Smith

Staff Members Present: Rorie Watt, City Manager; Robert Barr, Deputy City Manager; Robert Palmer, City Attorney; Jeff Rogers, Finance Director; Adrien Speegle, Budget Manager

Others Present: Karen Tarver, Audit Partner at Elgee Rehfeld

C. APPROVAL OF MINUTES

1. November 2, 2022

The November 2, 2022 minutes were approved as presented.

D. AGENDA TOPICS

2. Juneau School District Audit

Karen Tarver, Audit Partner at Elgee Rehfeld, presented high-level findings from the FY22 Juneau School District audit on packet pages 28–29.

Elgee Rehfeld's audit identified two significant deficiencies; Ms. Tarver was present to discuss the deficiency related to Juneau School District's (the District) compliance with CBJ Charter § 13.7. The Charter prohibits the superintendent from obligating or making a payment without an appropriation, and the District cannot exceed the total budget without Assembly approval. Since 2018, the District has had expenditures in excess of revenue, creating an increasing deficit.

In FY22, the District's expenditures from the Operating Fund exceeded budgeted expenditures by $506,679, actual revenues were $1,150,430 less than budgeted revenues, and there was no unassigned fund balance available from FY21. As a result, the Operating Fund balance decreased by $2,684,774, resulting in a $620,407 deficit. All other governmental funds had a net $27,317 decrease in fund balance, decreasing the District's total fund balance by $2,712,091, resulting in an ending deficit balance of $63,175 across all funds.

The Committee discussed the findings.

The funding the City and Borough of Juneau has provided to the District, including the Operating Fund, student transportation, food service, and non-major governmental funds, amounted to $29,346,100 in FY22. In response to Committee questions, Jeff Rogers, CBJ Finance Director, clarified that State law caps the amount of money local jurisdictions can appropriate to school districts for operations. The City has contributed the capped amount of funding. If the Assembly appropriates more than the cap, the State's portion of education funding will be reduced, meaning that the total funding for education from both local sources and the State will remain flat.

To correct the FY22 ending Operating Fund deficit of $620,407, the District needs to reduce spending or increase revenues by this amount to remedy the deficit by the end of FY23. Ms. Tarver stated that the fund balances need to be corrected and that overspending resources should not continue.

To correct the ongoing deficits, the District needs to identify cost-saving opportunities in the FY23 budget to actuals, specifically in the Operating Fund. The Operating Fund must be submitted to and approved by the Alaska Department of Education with a balanced budget. Because the District began its year with a deficit, they find themselves in a situation where they have to cut costs or increase revenues to create a balanced budget. Currently, the District does not have funds to cover unforeseen expenses in future years.

Ms. Tarver stated that Elgee Rehfeld's audit identified these expenditures in excess and brought them to the attention of the District. In return, the school board and district management are aware of the situation, and in their action plan, they have stated they will resolve this issue by the end of FY23.

Assemblymember Hale asked if there is any ongoing oversight or assistance the City and Borough of Juneau or Elgee Rehfeld can provide to avoid issues like this in the future. Ms. Tarver noted that other school districts in the State are experiencing the same, if not worse, deficit issues. Ms. Tarver stated that there is pressure on the State to increase the amount of per pupil funding, as education funding has remained flat for years while expenditures have increased.

Rorie Watt, City Manager, stated that it is the responsibility of the School Board to address and resolve the District's budgetary challenges and direct operations, not the City.

Ms. Tarver stated that the FY22 spending in excess remained unnoticed by the District and was brought to light during the Elgee Rehfeld audit. This audit occurred after FY23 began, meaning that the school district should have taken the FY22 deficit into account when creating and implementing the FY23 budget. Due to this oversight, the school district must correct the FY22 and FY23 budgets by the end of the current fiscal year (FY23). To avoid future spending in excess, the District needs to create a budget cadence for more timely and ongoing conversations about revenue and expenditures. The Assembly has yet to be active in school district budgetary conversations, but future discussions between the Assembly and School Board will be beneficial to ensure funds are spent accordingly to avoid additional deficits.

Assemblymember Hale reminded the Assembly that it is pertinent to acknowledge that the lack of education funding from the State is a significant component of the funding issues the District is experiencing. Following that comment, Mr. Watt noted that it is the State's constitutional duty to provide and financially support education to Alaska's children. Mr. Watt also acknowledged the District's ongoing staffing challenges.

Ms. Tarver stated that if the District does not address this deficiency, another deficit is inevitable, and the City and Borough could be affected by this through the borrowing of funds from the City's central treasury. Additionally, it is pertinent to remember that the District must submit a balanced budget to the Department of Education for Early Development for FY24.

No action was required from the Committee

3. Update on FY22/FY23/FY24

Mr. Rogers provided an update to the Assembly on CBJ's FY22 year-end close, FY23 mid-year financial status, and a preview of FY24 budget considerations on packet pages 14-27.

Mr. Rogers began the presentation by discussing packet page 22, where he reviewed FY22 actuals. In FY22, the City and Borough ended the year with an $18.7 million deficit after the Assembly invested $37 million in infrastructure projects and funds. The Assembly made this decision knowing that CBJ would receive approximately $16 million of previously unreimbursed school bond debt from the State of Alaska.

Mr. Rogers discussed expenditure variances from the FY22 adopted budget, including personnel and non-personnel lapses totaling $4.5 million and $2.0 million lapse of general funds to the Debt Service Fund for unreimbursed school bond debt. Mr. Rogers noted that FY22 experienced significant one-time federal and state revenues granted to stabilize the municipal government, including a hold-harmless appropriation of State Marine Passenger Fees to replace CBJ's lost revenue from a very limited cruise season in the summer of 2020 and 2021. As a result, $17.9 million of unbudgeted revenues were received. CBJ also collected $6.8 million in sales tax over the budget due to inflation, post-pandemic economic restoration, and growing remote sales tax revenue. After FY22's strategic investments influenced by the knowledge that the school bond debt reimbursement would be taking place, the unrestricted General Fund ended with a balance of $8.7 million.

Mr. Rogers reviewed the FY23 budget on packet page 21 and stated the Assembly had done very minimal supplemental spending in FY23.

Mr. Rogers discussed the data on packet page 26, reviewing FY23 Q1 Sales Tax revenue compared to historical and current Sales Tax revenue by quarter. Q1 Sales Tax revenue exceeded projections due in part to inflation, especially fuel inflation. In response to Assemblymember Triem's question, Mr. Rogers explained that with the increase in Sales Tax revenue resulting from inflation, CBJ should anticipate higher expenditures in FY23, especially in fuel and freight. Another contributing factor to the increase in Sales Tax revenue is the increase in remote sales tax, which is projected to be $600,000 more than budgeted. Mr. Rogers discussed packet page 25. At this time, CBJ projects that FY23 will see a surplus of $21 million, which will be reduced if the Assembly makes additional supplemental appropriations this year.

Assemblymember Bryson asked if the restricted budget reserve should have funds transferred from the unrestricted balance in FY24. Mr. Rogers responded that this conversation should occur during the FY24 budget cycle, but that the City Manager may include a contribution to the reserve in his proposed budget.

Mr. Rogers proceeded with his presentation and discussed FY24 on packet page 24. FY24 will continue to see strong property value growth, with the potential of the market softening in the latter half of the year. The Finance Department is anticipating a 2.5% property tax growth overall as a starting point for FY24 budget planning, but this amount will be trued up once the Assessor finalizes property assessments in March. If Sales Tax projections hold up and are, in fact, a trend, then we will see a surplus in FY24 unless we see something change on the revenue front.

Assemblymember Triem left the meeting at 7:12 pm

Mr. Rogers discussed packet page 27, which provided a historical analysis of remote sales tax collected on items purchased from registered online sellers. FY23 has witnessed significant growth in remote sales tax due to increased filers with the Alaska Remote Sellers Sales Tax Commission (ARSSTC). One crucial remote sales tax business that has yet to register with ARSSTC is Google. Because of the estimated volume of Sales Tax revenue from Google, the Commission is seeking a lawsuit to collect remote sales tax from the company.

No action was required from the Committee.

F. NEXT MEETING DATE

7. January 4, 2023

G. ADJOURNMENT

The meeting was adjourned at 7:23 pm

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org.

City and Borough of Juneau
City & Borough Manager's Office
155 South Seward Street
Juneau, Alaska 99801
Telephone: 586-5240| Facsimile: 586-5385

TO: Chair Triem and Assembly Finance Committee

FROM: Rorie Watt, City Manager DATE: December 30, 2022

RE: Recruitment and Retention

Several recommendations are included in this packet to better position CBJ to be able to attract, hire and retain employees. I couldn't support these ideas any more than I already do.

As background information on State and nationwide demographic changes, please see the attached slide deck from Dan Robinson, the Research Chief for the State Department of Labor. I just borrowed this presentation that he had provided to another organization, the information is completely germane to our issues. Big kudos to Dan and his team for all the great work that they do; I am thankful that the State provides this essential service.

However, as the State retreats from providing other functional services, the public will continue to demand that CBJ do more. Even if Assemblies want to do more, our ability to hire and retain employees will hamper that ability.

Next, I also want to point out an article from the Harvard Business Review about trends in incivility to front line workers. As an employer, we need to care for our employees and as the author notes – we need to focus on kindness, consideration and respect – fortunately, those are our core values for our organization. Being an attractive employer is not just about economic compensation. Employees have lots of choices these days.

https://hbr.org/2022/11/frontline-work-when-everyone-is-angry

Last summer we negotiated and agreed to three collective bargaining agreements. I believe that those agreements still reflect the market – yet we are still having trouble hiring people. Both statements are facts, and if we do not act now, we'll fall behind in our competitiveness as an employer – other employers will respond to the basic workforce supply and demand issue.

As an organization, we are increasingly staffed with Tier IV employees, perhaps as much as 80% of our workforce is in a defined contribution retirement system. If we fail to find strategies to increase longevity, these sorts of illustrative problems will become much more common:

- New snow plow operators damage curbs (because they are learning where they are), plow snow in aggravating ways.
- Police Department staff spends more time training rookie officers, less time on calls
- Staff have less institutional memory, prone to reinventing wheels, frustrating the public
- Directors spend more time ensuring that they have workforce, less time for strategic thinking
- We create more policies and procedures and become more bureaucratic
- The Assembly accomplishes far fewer goals

Again, these are illustrative, but appropriately paint reality. I strongly encourage you to support the recommendations in this packet.

A Great Market for Job Seekers

But employers wonder where all the applicants went

Alaska Association on Developmental Disabilities

October 27, 2022

Dan Robinson, Research Chief

Alaska Department of Labor and Workforce Development

Some COVID-Era Headlines …

"Where Are America's Missing Workers" – Bloomberg.com

"4.3 Million Workers Are Missing in America" – Wall Street Journal

"Too Many Jobs, Not Enough People" – Alaska's News Source

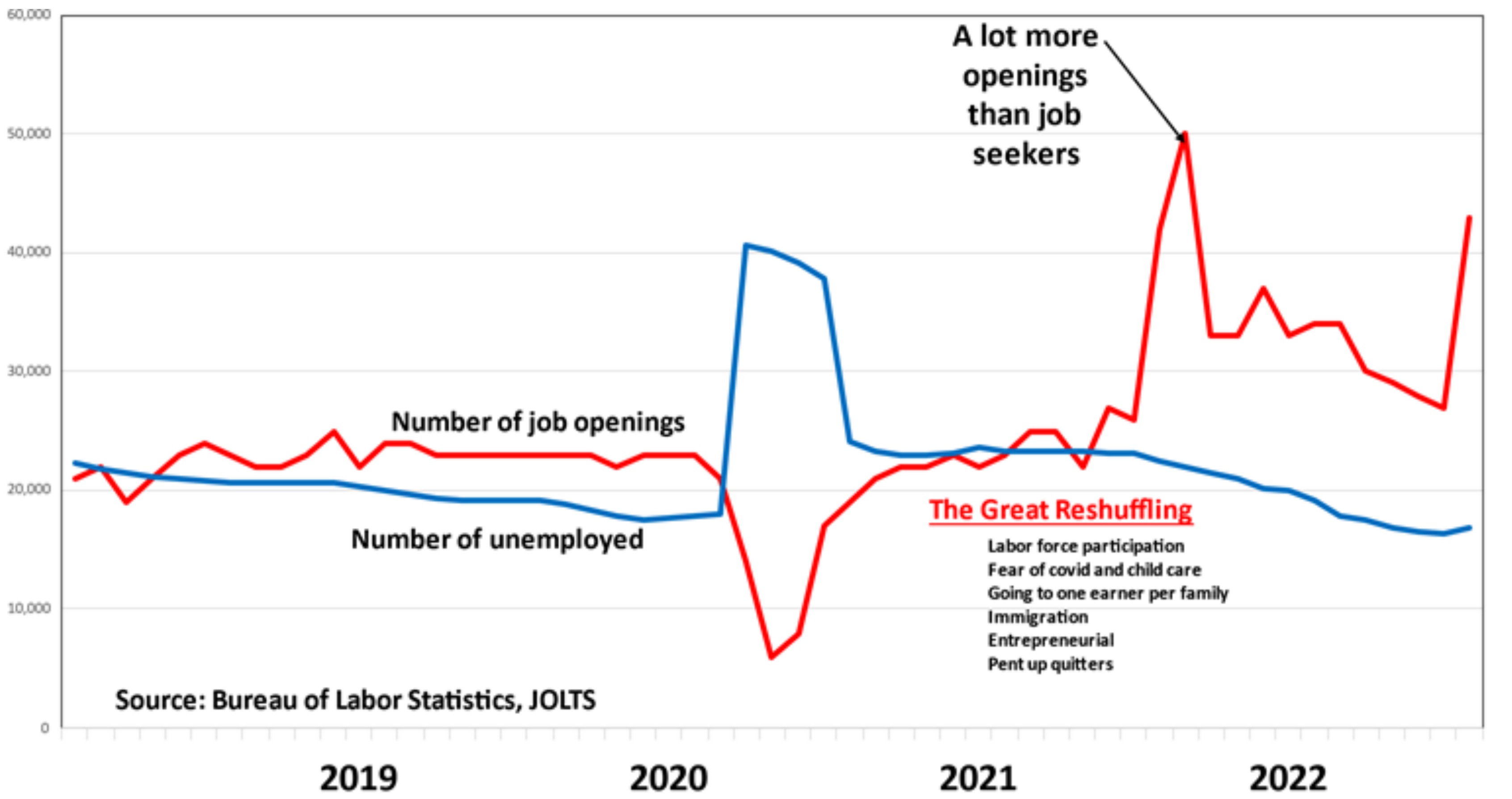
"Anchorage Employers Have Jobs, But Few Applicants" - ADN

"Economic Impact of Missing Workers Could Be Significant" - NPR

"The Most Unusual Job Market in Modern American History"
- Washington Post

Alaska's Jumpy Labor Market

Section D, Item 2.



Anyone heard of “the Great Resignation”

The professor who coined the phrase, and whose academic expertise is in the reasons people quit their jobs, predicted we’d have this problem when we came out of the pandemic because:

1. Backlog of resignations because the pandemic made people jittery about leaving their jobs for a while;

2. Burnout, partly for COVID-specific reasons;

3. Widespread re-evaluation of priorities (“pandemic epiphanies”);

4. Reluctance of some workers to give up remote work.

A Catchy Phrase Can Be Problematic

The "Great Resignation" remains one of the buzziest economic stories of 2021. But the more people talk about it, the more I wonder whether most people know what they're talking about. As so often happens with other nifty phrases and neologisms, use of the term and abuse of the term are in equal proportion."

- Three Myths of the Great Resignation, *The Atlantic, 12/21*

Patterns in Alaska's "Missing" Workers?

- First, the biggest divergence from normal dropout rates was in people 60+ years old.

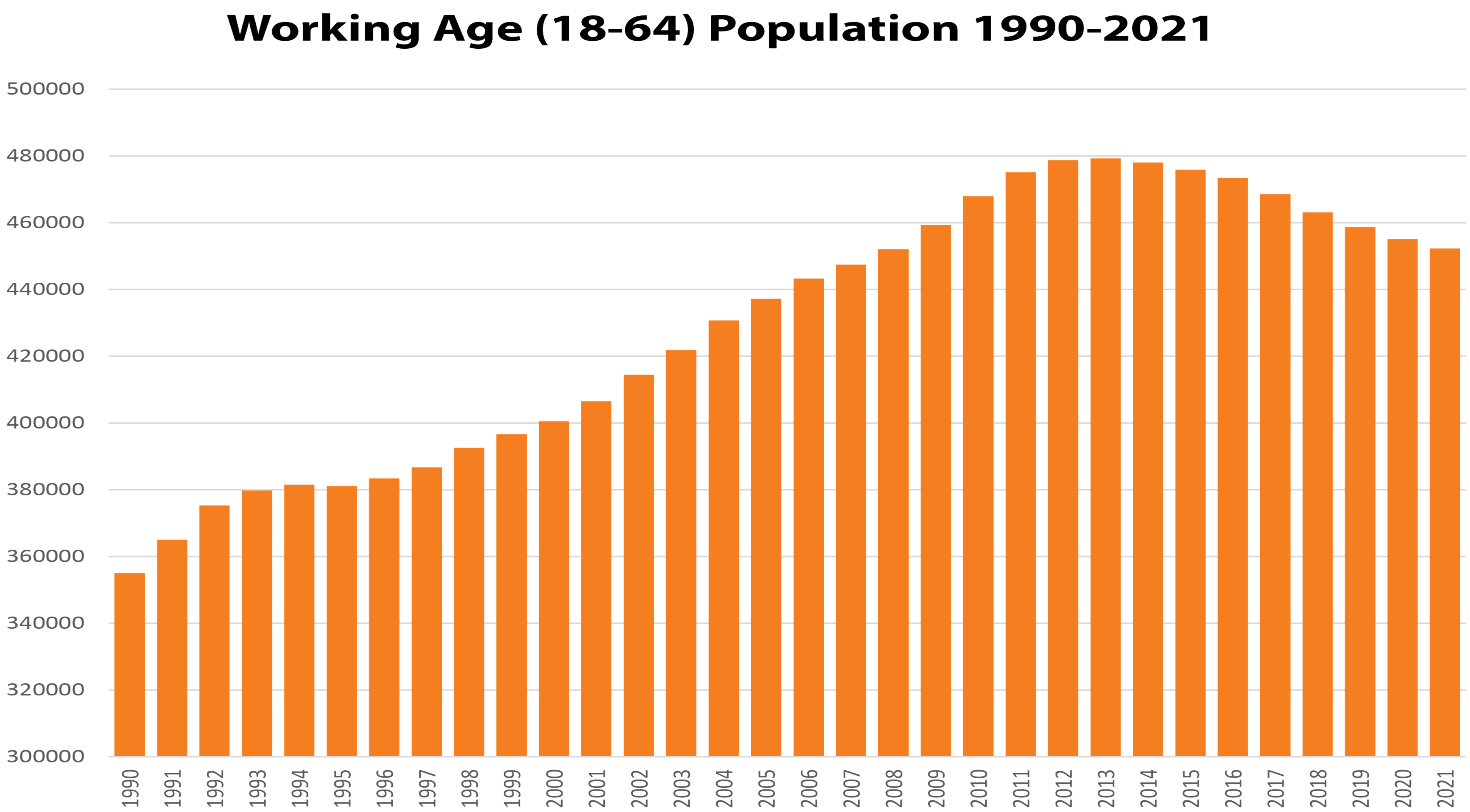
- Second, the second biggest divergence from normal dropout rates was in people 30-39, which is harder to interpret, but almost certainly has something to do with childcare.

So What?

Before we get to that, I want to mention something that's specific to Alaska that will amplify the "so what."

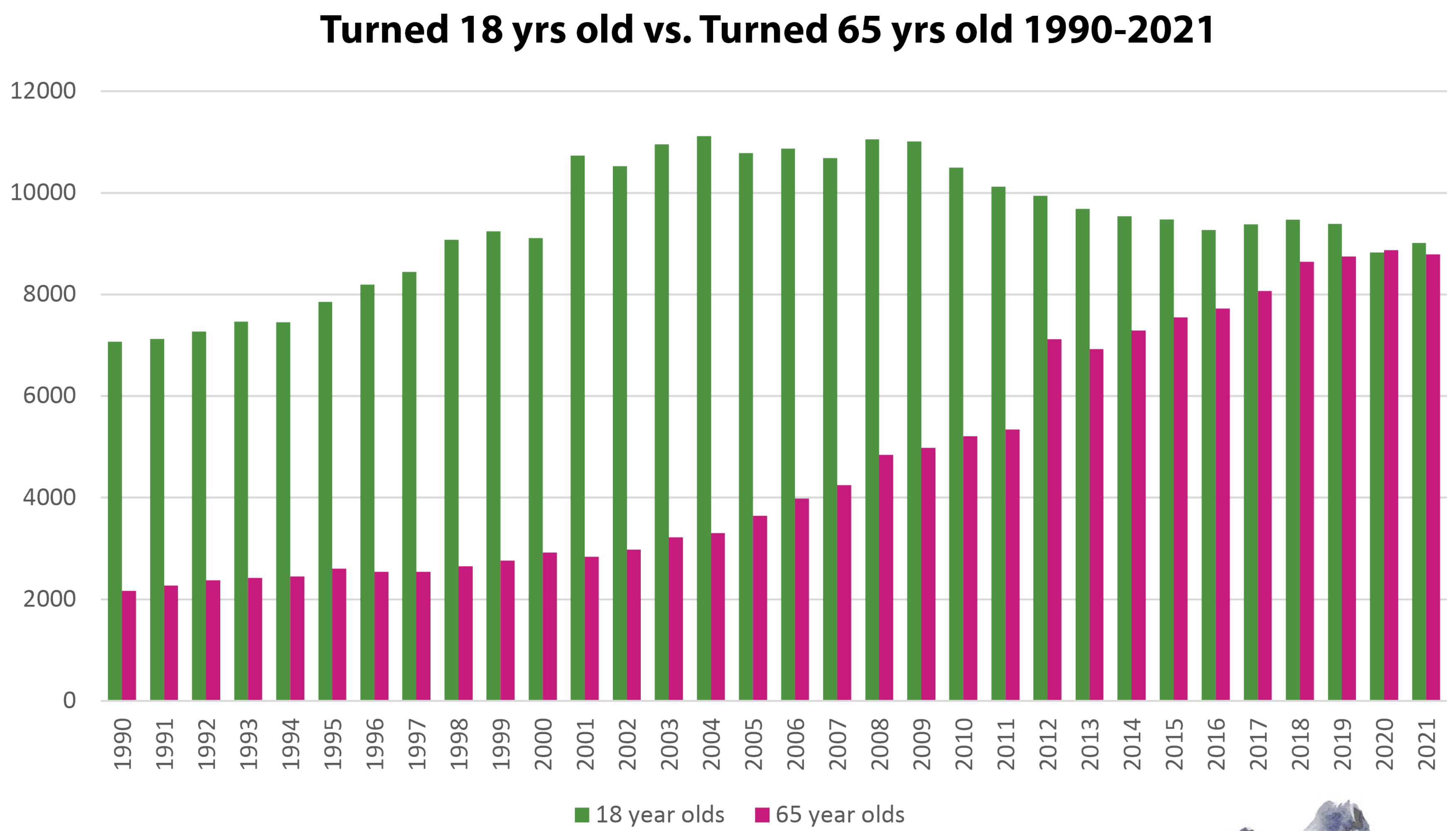
Important Pre-COVID Trends

Section D, Item 2.



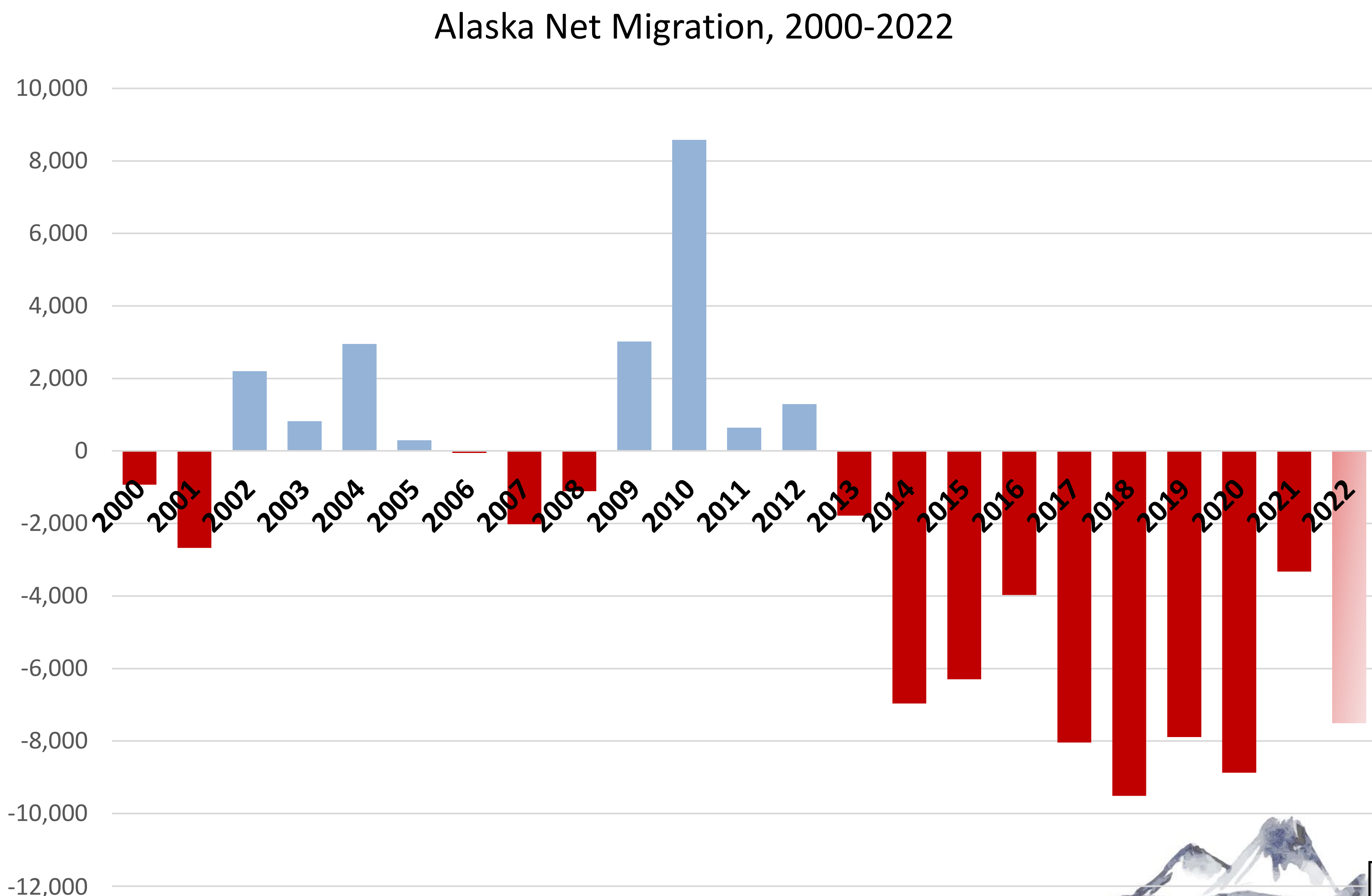
Important Pre-COVID Trends

Section D, Item 2.



Important Pre-COVID Trends

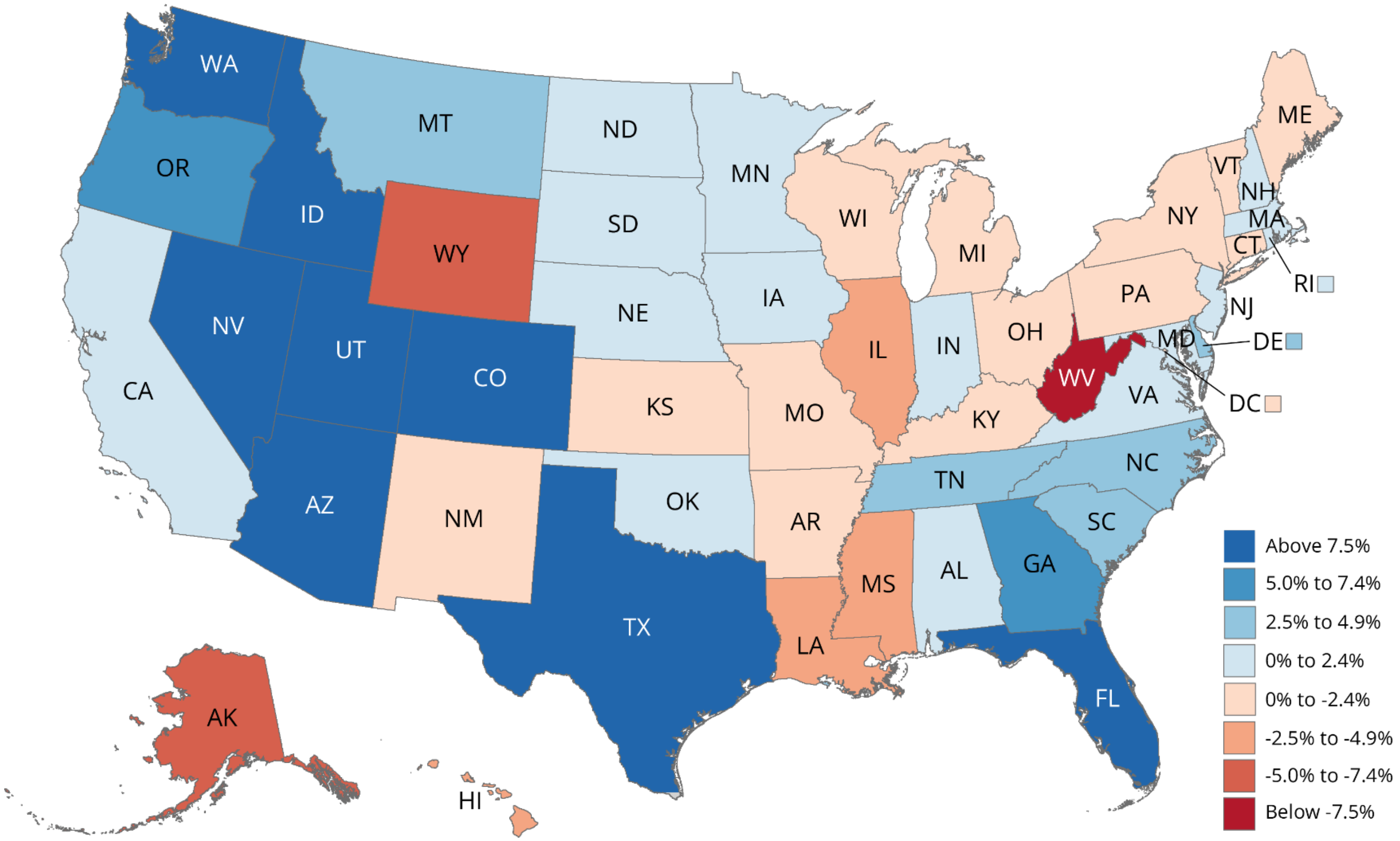
Section D, Item 2.



Important Pre-COVID Trends

Section D, Item 2.

Percentage Change in Working Age (18-64) population 2013-2021



Back to the “So What?”

The current job market that strongly favors job seekers is unlikely to change any time soon.

It’s much more than just a COVID thing, especially in Alaska, although the pandemic disruptions were a factor.

What Can Employers Do About It?

Give job seekers more of what they say they want:

- Money
- Opportunities for advancement
- Meaningful work, respect
- Flexibility
- Childcare solutions and other creative as well as traditional benefits

What Can Employers Do About It?

Refrain from unproductive ideological scapegoating and oversimplification ("people these days just don't want to work because of unemployment insurance," or "we just need to raise the minimum wage to $20 an hour," etc.).

What Can Employers Do About It?

Realize that something big has changed and examine business models, recruitment and retention, mentorship, work-life balance, etc.

Broadly, understand that this challenge won’t just go away on its own.

What Can Policy Makers Do About It?

- Provide stability and continuity to existing education and training infrastructure.
- Pay attention to workforce, economic, and demographic data (to help avoid making changes unlikely to make a difference).
- Consider making it easier for trained and experienced people to work in Alaska (reciprocity of licensing, telework, etc.).

And Workforce Development Leaders?

- Help bring underutilized potential workers into the mix (veterans, seniors, people with disabilities, under-represented genders, youth, the formerly incarcerated, etc.).

- Communicate better/more to youth and career changers as they're considering education/training opportunities.

If All You Remember is This …

There is little doubt that this unusual and big imbalance between employment openings and the number of trained/qualified/willing applicants is going to be with us for a while.

Questions and Comments

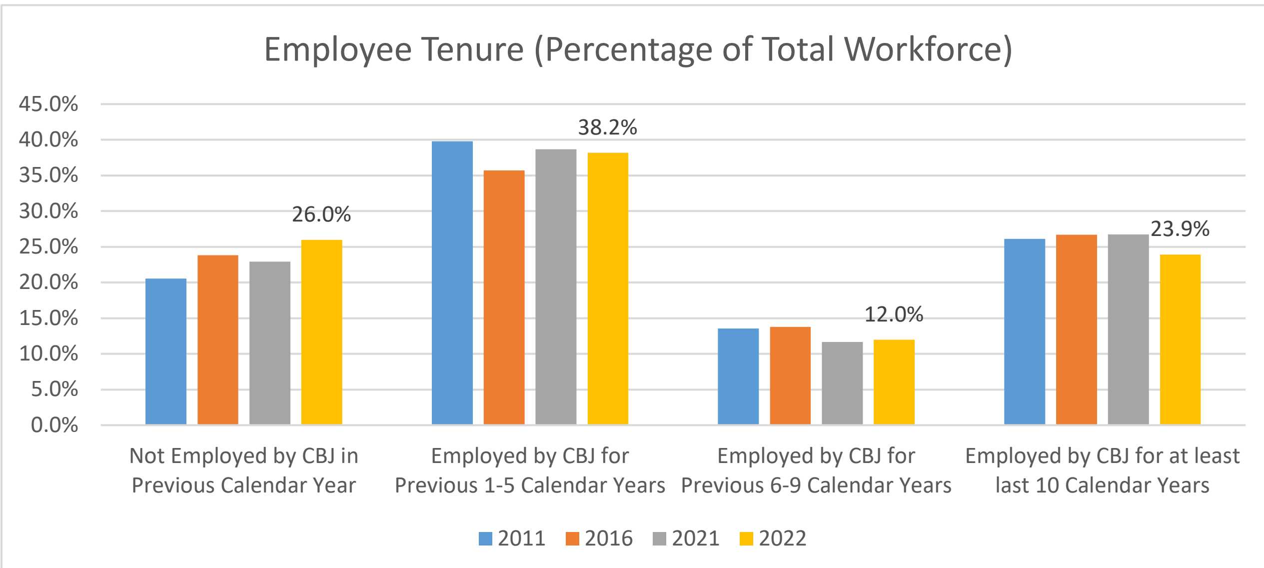
Dan.Robinson@Alaska.gov

907-465-6040

City and Borough of Juneau Employees, by Tenure Group

For Years 2011, 2016, 2021, and 2022

	2011	2016	2021	2022
Not Employed by CBJ in Previous Calendar Year	20.5%	23.8%	22.9%	26.0%
Employed by CBJ for Previous 1-5 Calendar Years	39.8%	35.7%	38.7%	38.2%
Employed by CBJ for Previous 6-9 Calendar Years	13.6%	13.8%	11.7%	12.0%
Employed by CBJ for at least last 10 Calendar Years	26.1%	26.7%	26.7%	23.9%



Notes:

Data for 2022 are preliminary and only include first three quarters of the year

A worker is counted if he/she worked in any of the four quarters of the calendar years (only three quarters available for 2022)

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Date: 12/30/22

Department of Human Resources / Risk
155 Municipal Way Suite 101, Juneau, AK 99801
907-586-5250 <phone> 907-586-5392 <fax>
Email: Dallas.Hargrave@juneau.org

MEMORANDUM

Date: December 30, 2022

To: Assembly Finance Committee

Thru: Duncan Rorie Watt
City Manager

From: Dallas Hargrave
Human Resources & Risk Management Director

Re: Recruitment and Retention Proposals

Over the last year, the City and Borough of Juneau (CBJ) has experienced unprecedented recruitment and retention issues. We are not alone. Employers across the city, state and nation are facing similar challenges with a “tight” labor market that generally has more open jobs than applicants willing to take the jobs. While we have approached these the recruitment and retention concerns through collective bargaining, changes to the personnel rules, and policy changes, we believe more actions are necessary. One such proposal is to enhance retirement benefits for PERS Tier IV employees, and is outlined in a separate memorandum. CBJ management is presenting two other proposals for consideration by the Assembly Finance Committee within this memorandum.

Implementing a Sign-on Bonus Program

Currently CBJ Personnel Rules (12 PR 060) allow the City Manager to authorize relocation expenses to a new employee moving to Juneau with the employee’s commitment to work for the CBJ for four years. Additionally, CBJ Personnel Rules (18 PR 050) allow the City Manager to authorize up to a $10,000 payment to a prospective employee with an established recruitment and retention program where there are significant demonstrated recruitment challenges.

CBJ management believes that it is time to propose implementation of an enhanced sign-on bonus program to improve recruitment in difficult to fill positions. Components of this program include the following:

- The City Manager would determine which job classifications are “difficult to fill”. This would allow CBJ management the ability to adapt this recruitment benefit to changing market conditions.

- The sign-on bonus would be up to $40,000. This allows CBJ management the flexibility to consider the market conditions for applicants and consider higher bonus amounts for harder-to-fill positions or time-sensitive vacancies. However, if a lower bonus amount is appropriate because of the circumstances, CBJ management has the flexibility to implement a lower sign-on bonus.

- The commitment from the employee to work for CBJ will be a minimum of two years and a maximum of four years. Repayment for not meeting the employment commitments would be paid back on a prorated repayment schedule consistent with the current CBJ Personnel Rules. Alternatively, sign-on bonus payments would occur after the employee's commitment has been fulfilled. The specific method used will be consistent with other public sector agency practices and will take forthcoming legal analysis into account.

Implemented sign-on bonus provisions could replace the current relocation provision of the Personnel Rules because sign-on bonuses could be used for both potential employees moving to Juneau or local applicants looking to change employers. CBJ management believes that with the current labor market, it is important to implement a sign-on bonus program as soon as possible. Implementation of such a program will likely have immediate impacts on recruitment and retention of difficult to fill positions at the CBJ.

Recommended Action

CBJ leadership requests the Assembly Finance Committee direct staff to develop proposed changes to the Personnel Rules in a manner that would give the City Manager authority to implement sign-on bonuses for difficult to fill positions in an amount of up to $40,000 for up to a four-year commitment from the employee to work for CBJ or disbursement schedules that accomplish the same objective. It is anticipated that the costs of these bonuses would be paid with lapsing personnel funds.

Implementing a Dependent Care Flexible Spending Account Employer Contribution

National data supports that during the COVID-19 pandemic working parents and caregivers left the workforce in high numbers and have yet to return to full-time employment. In fact, according to the Bureau of Labor Statistics, there are still two million fewer women in the workforce than pre-pandemic rates. Additional research notes 25% of employers listed caregivers with children under 18 years old and employees with caregiving responsibilities have higher attrition rates. [1]

Currently, CBJ offers a voluntary benefit that allows employees to contribute to a flexible spending account (FSA) for dependent care. This is a pre-tax benefit account used to pay for Eligible services include childcare, preschool, summer day camp, before or after school programs, and adult daycare. Employee contributions to a dependent care FSA are not subject to payroll taxes, so an employee can pay less in taxes by contributing to a dependent care FSA and then paying for the care from the FSA. We are proposing that the CBJ implement an employer payment to the employee dependent care FSA in the manner outlined below:

- With each year a full-time employee remains employed at the CBJ, they would be eligible for up to a $5000 employer payment to a dependent care FSA. This employer dependent care FSA contribution would not be subject to employee or employer taxes and would need to be used by the employee for eligible dependent care expenses in the fiscal year or it would be returned to the employer.
- CBJ already has a voluntary dependent care FSA plan, so the plan would need to be amended to support the employer contribution for full time employees. We have confirmed that our current benefit administrator for the dependent care FSA can accommodate these changes.
- Although this benefit will apply to a caregiver of any gender, this enhanced recruitment and retention benefit will likely have a higher impact on employing women at CBJ and

[1] https://www.benefitnews.com/news/how-to-attract-and-retain-employees-during-the-great-resignation

supporting women remaining employed with the CBJ. Additionally, because the $5000 benefit for employees is a flat dollar amount regardless of earnings, it has a proportionally higher impact on lower wage earner CBJ employees.

- Although only a handful of employees participate in the voluntary employee dependent care FSA benefit each year, it is anticipated that significantly more employees would participate if the employer contribution benefit was available. It is estimated that there are approximately 100 full time CBJ employees with children under the age of 13 who may qualify for this benefit. Based on that estimated number of employees, estimated annual costs are:
    - $500,000 if 100% qualify
    - $375,000 if 75% qualify
    - $250,000 if 50% qualify

<u>Recommended Action</u>

CBJ leadership requests that the Assembly Finance Committee direct staff to develop proposed changes to the CBJ dependent care FSA plan and include the estimated costs in the proposed FY24 budget for consideration by the Assembly.

MEMORANDUM

155 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

DATE: January 4, 2023

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: **Deferred Compensation Retirement Plan Match Proposal**

The Problem of Alaska PERS Tier IV

As CBJ struggles to recruit new employees and retain current employees, the PERS Tier IV retirement system remains a challenge. Most governments in the United States continue to offer a *defined benefit* pension system (similar to AKPERS Tiers I/II/III), and Alaska's *defined contribution* individual retirement account system (AKPERS Tier IV) is not competitive by comparison. With defined benefit plans, employers guarantee a specific pension benefit for each participant in the plan. By contrast, defined contribution plans establish an individual retirement savings account managed by the employee. Defined contribution plans shift the responsibility for investment decisions and the risk of market performance off the employer and on to the employee. Because Alaska PERS is a state-run program, CBJ has no ability to enhance the defined contribution retirement benefit currently offered, and generally no ability to opt into a different system altogether. Notably, the Tier I/II/III retirement system has the built-in retention incentive that the retirement benefit grows the longer an employee stays in the system and there are financial penalties for early separation. Conversely, for Tier IV employees, their entire accrued retirement benefit is entirely portable after five years of employment, which eliminates any incentive to remain employed by a PERS employer.

Proposing a Deferred Compensation Matching Provision

Acknowledging that Tier I/II/III employees already enjoy a substantially richer retirement benefit than Tier IV employees, and that Tier I/II/III employees are naturally incentivized to remain in the PERS system—CBJ management proposes to offer a monetary match to the deferred compensation contributions made *by Tier IV employees only*. CBJ already has a deferred compensation plan in place, operating under section 457 of the IRS tax code that offers employees the ability to defer a portion of their current income to when they separate from employment. Employees who actively contribute to a 457 retirement savings account can significantly enhance their ability to retire comfortably without fear of running out of retirement funds during their lifetime. A deferred compensation match for Tier IV employees would help to equalize the total benefit package between Tier I/II/III employees and Tier IV employees. (See end of this memo for a longer discussion of Tier IV vs. Tier I/II/III.) Since nearly all new applicants to CBJ will be in Tier IV, a deferred compensation match would assist with recruitment by enhancing CBJ employment offers relative to the State of Alaska, other local governments, and many private employers.

Proposed Match and Vesting Structure

CBJ management proposes an escalating match and vesting schedule based on employee longevity as follows:

Years of Service	Employee Contribution	Employer Match
0 – 2 years	2% voluntary	1% match
2 – 5 years	4% voluntary	2% match
5+ years	6% voluntary	3% match

Years of Service	Vesting
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5+ years	100%

Such a matching benefit is estimated to cost CBJ $550,000 annually ($410,000 GF, $140,000 other funds), assuming an average 2.5% match and 85% participation. This amount would grow in future years as salaries increase and as Tier I/II/III employees are replaced by Tier IV employees through attrition. This amount includes CBJ general government and all enterprise functions *except Bartlett Regional Hospital*.

Mechanics of Plan Design

CBJ management has discussed the mechanics of such a matching program with MissionSquare Retirement (CBJ's plan record-keeper) and HYAS Consulting (CBJ's independent consultant). Their consensus recommendation is to structure the program such that the employer match portion is earned based on an employee's 457 contribution but to deposit the employer match portion to a separate 401a account. Deferred compensation programs under IRS tax code section 401a are similar to 457 plans, but they have several distinct advantages for the purpose of an employer match. First, an employee's ability to contribute individually to the allowable 457 maximum amount would not be diminished. Second, only a 401a account allows for a graduated vesting schedule. Third, contributions to a 401a do not induce the added expense of FICA payroll taxes.

Auto-Enrollment in CBJ's Deferred Compensation Program

As a related concept, retirement professionals argue that auto-enrollment in the deferred compensation plan is in the best interest of most employees. There are convincing research findings that auto-enrollment into deferred compensation retirement plans yields better retirement outcomes for more retired employees. The benefit of auto-enrollment is so strong that the recently adopted federal SECURE Act 2.0 *requires* auto-enrollment for most employers and employees in non-governmental 401(k) and 403(b) retirement plans. This provision does not apply to government plans. With auto-enrollment, employees would automatically contribute a nominal amount to their deferred compensation accounts from the initiation of their employment. Employees who do not wish to contribute could simply opt-out. Under Alaska law, an employer may not implement auto-enrollment in a deferred compensation program without agreement from a collective bargaining unit. Accordingly, management intends to approach CBJ's collective bargaining units to discuss Letters of Agreement that would allow auto-enrollment of bargaining unit members in CBJ's 457 plan. Currently, there is no mechanism in Alaska law that would allow for auto-enrollment of non-represented employees.

Conclusion and Recommended Action

Auto-enrollment and an employer match are separate concepts with separate considerations, but in combination, the two are synergistic, substantially enhancing retirement security for employees while also improving recruitment and retention for CBJ as an employer.

CBJ leadership requests that the Assembly Finance Committee direct staff to develop a deferred compensation matching program, build the cost of such a program into the Manager's Proposed FY24 Budget, and engage collective bargaining units in discussion of auto-enrollment.

Further Explanation of the Employer Cost of PERS Tier IV vs Tiers I/II/III

In the context of the above proposals, it is worth taking some space here to explain the employer's cost for Tier IV vs. Tiers I/II/III. Alaska's defined benefit retirement system (Tiers I/II/III) has accrued a substantial *unfunded liability*—a gap between the accrued assets available to pay benefits and the accrued future liability of benefits owed to members. At its peak, Alaska's unfunded liability exceeded $7 billion dollars. When an unfunded liability exists, a retirement plan is required to make additional contributions in order to bring assets in line with liabilities over time. There are two rates that determine the amount of additional contributions necessary. First, the "normal rate" is the amount of contributions (as a % of wages) required to pay benefits *currently accruing*. Second, the "actuarial rate" is the amount of contributions required to pay benefits that have *already accrued*. In many years, the normal rate would be between 13% and 18% while the actuarial rate would approach or exceed 30%.

In 2006, the Alaska Legislature and Governor closed PERS Tier III and initiated PERS Tier IV in an effort to stop the unfunded liability from growing any larger. However, this action did nothing to pay off the unfunded liability that existed at the time. In an effort to control the burden of the unfunded liability on municipal employers, the Alaska Legislature and Governor devised the 22% contribution cap. Under this provision of law, municipal employers pay 22% of all wages (all tiers) until the unfunded liability is extinguished. And the State of Alaska pays the difference between the actuarial rate and 22%. These additional state payments are referred to as “state payments on-behalf” of municipal employers.

Hence, today, CBJ pays 22% of wages for all PERS-eligible employees, irrespective of whether they are Tier I/II/III or Tier IV. This is obviously peculiar because the “true cost” of Tier I/II/III benefits is in the range of 25% to 30% of wages, while the “true cost” of Tier IV benefits is less than 13% of wages. When CBJ pays 22% of a Tier IV employee’s wages to the PERS system, at least 9% of that cost benefits Tier I/II/III employees, not the Tier IV employees whose wages induce the employer cost. This is admittedly challenging to explain, and it may merit more explanation and/or discussion in committee.

TRAVEL JUNEAU

December 21, 2022

Mr. Jeff Rogers
Finance Director, City & Borough of Juneau
155 S. Seward Street
Juneau AK 99801

Dear Mr. Rogers,

Please accept this letter as Travel Juneau's request for mid-year incremental grant funding from Hotel Bed Tax.

Juneau experienced an almost full return of the visitor industry during the 2022 season, which included Travel Juneau's delivery of IRONMAN Alaska. The influx of both cruise and independent/event travelers most certainly increased revenue in Sales and Hotel Bed Tax.

This request includes reimbursement for Travel Juneau's financial obligations toward IRONMAN Alaska, minus the licensing fee, and funding for an economic analysis of IRONMAN's impact for CBJ. Accompanying this request is a spreadsheet that details these items. Please note that while IRONMAN Alaska was cancelled for 2023, there is a possibility that, under the right economic conditions, it could return.

Thank you for your consideration, and please let me know if you have questions or require additional information.

Sincerely,

Liz Perry
President & CEO
Travel Juneau

800 Glacier Ave., Ste. 201, Juneau, AK 99801
Toll Free (888) 581-2201 • (907) 586-2201 • traveljuneau.com

TRAVEL JUNEAU

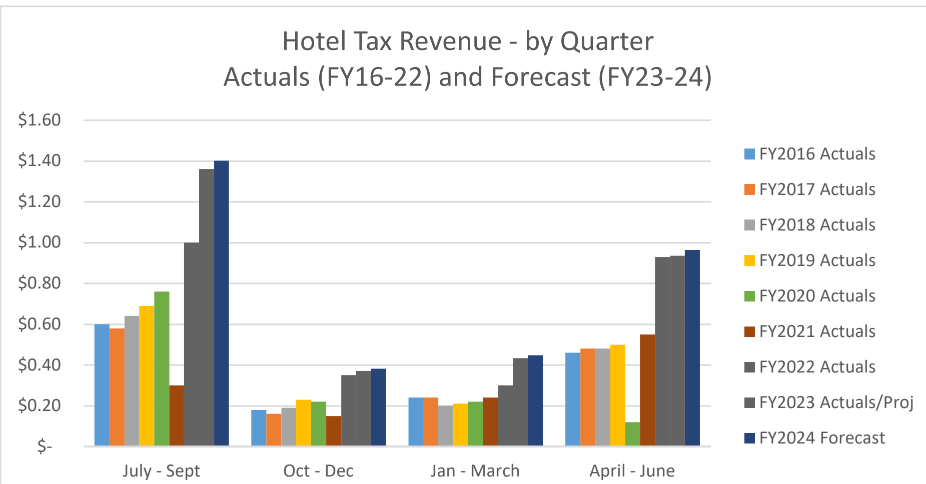
Item	Estimated cost		Description
Reimbursement for IM AK expenses	$75,836		Travel Juneau paid the event fee of $50,000 in February 2022 for the August 2022 race. At the time of of contracting for the race and signing the MOA with CBJ, TJ was obligated for additional costs, which were unknown or only estimated. Additional costs included IM staff lodging, facility rental through JSD and Centennial Hall, and equipment and staff time for JPD and CCR/R. Total incurred costs are $125,836; TJ requests reimbursement for items over an above the $50K event fee. These are detailed in the adjacent worksheet and invoices can be provided.
Economic analysis of IM AK '22	$17,500		The 2022 IRONMAN Alaska event increased sales and hotel bed tax revenues for CBJ, but its impact on local business revenue is unclear. To better understand the impact of this and potential future events, Travel Juneau would engage a local research group such as Raincoast Data to determine this wider impact. If funded, the research could begin in the 4th quarter of FY23 with the report delivered in Q2 of FY24.
Total increment request	**$93,336**		

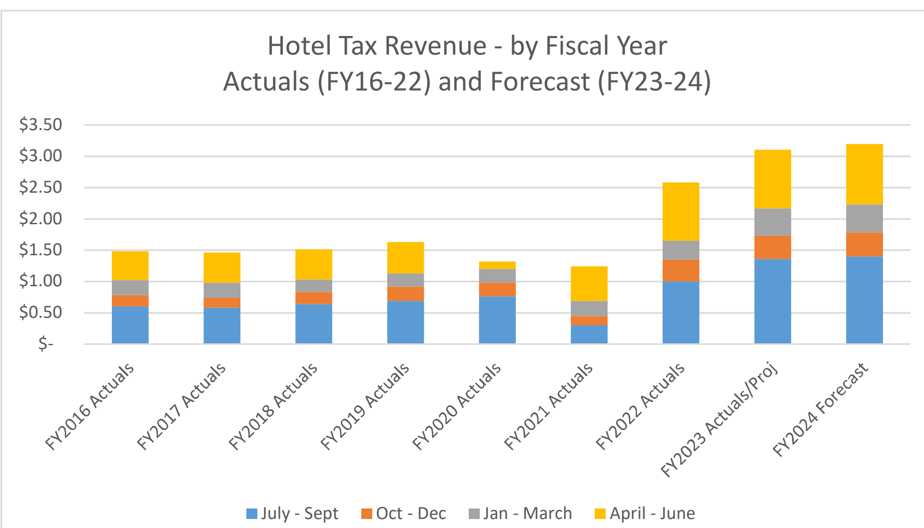
IRONMAN 2022 FEES & EXPENSES							
Organization	**IM Cost**	**Travel Juneau Cost**					
2022 Licensing Fee		**$50,000**					
Insurance Cost							
IM Visit April 11-15, 2022		**$1,600**	Hotel rooms April 11- 15, 2022	Flights ??			
IM VIP Four Points Rooms		**$7,500**					
UAS:							
Lodging Cost for TJ		**$11,475**					
Lodging Cost for IM	**$21,105**						
Thunder Mt. High Sch ($12,032 so far)							
Staff Room - 40 hrs.		**$400**	$10 per hr. per room				
Volunteer Room - 30 hrs		**$300**	$10 per hr. per room				
Janitorial Services			$30 per hr.				
Common areas (Cafeteria)		**$3,696**	$22 per hr.	Tues. Aug 2 to Mon. Aug 8	*24 hr per day		
Main gym - 96 hrs		**$3,456**	$36 per hr.	Tues. Aug 2 to Fri. Aug 5	*24 hr per day		
Inside building monitors			$20 per hr. +				
			$20 processing fee	**Staff Room**	Wed. Aug 3 to Sat Aug 6	Wed 8am-6pm	
Thunder Mt HS Auditorium 19 hrs.		**$4,180**	$20.00 permit fee			Thurs 8am-6pm	
* 24 hrs means items left in space overnight			**$20.00 an hour** building monitor			Fri 8am-6pm	
			$200.00 an hour performance auditorium rental (4 hour minimum)			Sat 8am-6pm	
			$100.00 an hour rehearsal rate (4 hour minimum)				
			$50.00 supply fee				
			$150.00 custodial fee	**Volunteer Room**	Wed. Aug 3 to Fri Aug 5	Wed 8am-6pm	
TMHS Front Parking Lot - 7 days		No charge				Thurs 8am-6pm	
TMHS Back Parking Lot - 16 days		No charge				Friday 8am-6pm	
May need School District Approval for use 16 days							
Thunder Mt Track				Sat. Aug 6	7am-11am		
				Sun Aug 7	11am-12am (Sunday-Monday)		
CBJ:							
Dimond Park			no charge				
Fieldhouse			$175.35 per hr.				
JNU Portion of Police & Security Cost		**$7,079**					
JNU Portion of CCFR		**$28,150**					
Volunteer Coordinator Cost							
IM Welcome Event Cost	**$1,000**		Peratrovich Plaza				
First Students (VIK) Shuttles							
Centennial Hall		**$8,000**	Fri & Mon Rental				
IM Welcome Event Cost							
IM Awards Breakfast Cost							
TOTAL EXPENSES		**$125,836**					
Fee paid by Travel Juneau		$50,000					
TOTAL REQUESTED REIMBURSEMENT		**$75,836**					

Hotel Tax Actuals and Forecast
Updated 12/28/2022

Hotel Tax	Q1 July - Sept	Q2 Oct - Dec	Q3 Jan - March	Q4 April - June	Total
FY2016 Actuals	$ 0.60	$ 0.18	$ 0.24	$ 0.46	**$ 1.48**
FY2017 Actuals	$ 0.58	$ 0.16	$ 0.24	$ 0.48	**$ 1.46**
FY2018 Actuals	$ 0.64	$ 0.19	$ 0.20	$ 0.48	**$ 1.51**
FY2019 Actuals	$ 0.69	$ 0.23	$ 0.21	$ 0.50	**$ 1.63**
FY2020 Actuals	$ 0.76	$ 0.22	$ 0.22	$ 0.12	**$ 1.32**
FY2021 Actuals	$ 0.30	$ 0.15	$ 0.24	$ 0.55	**$ 1.24**
FY2022 Adopted	$ 0.35	$ 0.21	$ 0.21	$ 0.48	**$ 1.25**
FY2022 Projected	$ 1.00	$ 0.35	$ 0.22	$ 0.50	**$ 2.07**
FY2022 Actuals	$ 1.00	$ 0.35	$ 0.30	$ 0.93	**$ 2.58**
Over/(Under) Budget	$ -	$ -	$ 0.08	$ 0.43	**$ 0.51**
FY2023 Budget	$ 0.86	$ 0.26	$ 0.31	$ 0.66	**$ 2.09**
FY2023 Actuals/Proj	$ 1.36	$ 0.37	$ 0.43	$ 0.94	**$ 3.10**
Over/(Under) Budget	$ 0.50	$ 0.11	$ 0.12	$ 0.28	**$ 1.01**
FY2024 Budget	$ 0.86	$ 0.26	$ 0.31	$ 0.66	**$ 2.09**
FY2024 Forecast	$ 1.40	$ 0.38	$ 0.45	$ 0.96	**$ 3.19**
Over/(Under) Budget	$ 0.54	$ 0.12	$ 0.14	$ 0.30	**$ 1.10**

Effective January 1, 2020 the hotel tax rate increased from 7% to 9%.





Ordinance 2022-06(b)(AG)
Manager's Report

An Ordinance Appropriating $93,336 to the Manager for a Grant to Travel Juneau; Funding Provided by Hotel-Bed Tax Funds.

The Hotel-Bed Tax Fund has accumulated a sizeable balance as a result of much higher than anticipated tax revenue. Had this revenue been foreseen during the budget process, the annual Assembly grant issued to Travel Juneau for the purpose of tourism marketing would have been significantly larger. As such, this ordinance would make a supplemental grant to Travel Juneau for the 2023 fiscal year.

Travel Juneau will use this additional grant to reimburse $93,336 of expenses associated with the 2022 Ironman Alaska event. These expenses include facility and equipment rentals, Ironman staff lodging, JPD and CCFR staff time, and an economic impact analysis of the event.

Presented by: The Manager
Introduced: January 9, 2023
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2022-06(b)(AG)

An Ordinance Appropriating $93,336 to the Manager for a Grant to Travel Juneau; Funding Provided by Hotel-Bed Tax Funds.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriation. There is appropriated to the Manager the sum of $93,336 for a grant to Travel Juneau.

Section 3. Source of Funds

Hotel-Bed Tax Funds	$93,336

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this ________ day of ____________, 2023.

____
Beth A. Weldon, Mayor

Attest:

____
Elizabeth J. McEwen, Municipal Clerk

Port of Juneau

155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

From: Carl J. Uchytil
Port Director

To: Assembly Finance Committee

Thru: (1) Docks & Harbor Board

(2) Finance Director

(3) City Manager

Date: December 16th, 2022

Re: REVENUE BOND REQUEST – CBJ DOCK ELECTRIFICATION

---

1. In the August 4th memo to the Assembly, a recommendation included pursuit of the CBJ docks electrification without specifying a single funding source. The memo referenced Resolution 2975(b) which appropriated $2.64M from the State Marine Passenger fees to the Dock Electrification CIP. In November 2022, CBJ and AELP entered into a MOA for the procurement and installation of a load tap changer (LTC) transformer to replace the South Franklin Dock substation, which is a required precursor for construction at the CBJ owned docks at Alaska Steamship and Cruise Ship Terminal. Stated in the August 4th memo and again validated by AELP, the lead time to acquire the LTC transformers is upwards of three years.
2. Docks & Harbors applies for federal grant funding for dock electrification. We have been unsuccessful in the US DOT RAISE (Rebuilding America Infrastructure with Sustainability & Equity) grant in FY21 and in FY22 as well as the MARAD PIDP (Port Infrastructure Development Program) grant in FY22. The next deadline opportunity for submitting the FY23 RAISE is February 28th. The proposed language in the FY23 PIDP is not favorable for CBJ to submit a competitive grant application for dock electrification. The IRA (Inflation Reduction Act) does contain an EPA program aimed at reducing emissions at US ports. The NOFO (Notice of Funding Opportunity) for this program has not yet been promulgated.
3. Notwithstanding the pursuit of federal funding, CBJ does have resources available to advance the Assembly goal for CBJ dock electrification *post haste.* The August 4th memo outlined and recommended selling revenue bonds in January 2023 as a strategy to cash flow the project. However, because of the long lead items and the anticipated high rate of interest due to a volatile securities market, it is recommended that only $5M in revenue bonds be sold at this time (vice the $20M outlined in the memo). This will enable CBJ to procure the long lead LTC transformers necessary for installation in support of the AS and CT Docks.
4. **I request that the Assembly approve the selling of $5M in revenue bonds to facilitate the procurement and installation of two LTC transformers for the CBJ owned docks.** Furthermore, I request that the repayment of the revenue bonds be made from the Port Development Fee (currently $3 per cruise ship passenger). The Port Development fund balance is fiscally stable and the use of this funding mechanism is appropriate for this purpose. Within the next three years, unless we are successful with federal grants or other funding opportunities arise, another request for revenue bonds will be made to the Assembly for Alaska Steamship Dock construction.

#

Enclosure: CBJ Dock Electrification Memo dated August 4th, 2022

MEMORANDUM

DATE: January 4, 2023

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

155 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

SUBJECT: **Delay of FY2022 Annual Comprehensive Financial Report and Audit**

This memo serves to notify the Assembly of a significant delay in the completion of CBJ's FY2022 Annual Comprehensive Financial Report (ACFR) and the subsequent audit performed by Elgee Rehfeld.

In recent years, the CBJ Finance Department has provided our auditor with all necessary documents by Thanksgiving, and our auditor has generally completed their audit shortly before or after New Year. However, as of this memo, CBJ Finance has still not provided all required FY2022 documentation to our auditor. We expect to transmit all remaining documents necessary for the completion of the ACFR audit to the auditor within the next ten business days. We will also be transmitting the documents requested to start the Federal and State of Alaska compliance audits. Our auditor estimates 30-45 days, once all items are provided, to complete their audit procedures. This delay is significant, and I make no excuse for it.

No one factor created this delay, but turnover and position changes in the Controller's Office play a significant part. With the departure of CBJ's former Controller, Sam Muse, I promoted the Assistant Controller, Sarita Knull, to the role of Controller. At the same time, I reprogrammed the Assistant Controller position as a new Budget Analyst. This change was reflective of how much budget-related work had shifted from the Controller's Office to the Budget Manager, Adrien Speegle, over the past several years. However, repeated recruitments for the new budget analyst have been unsuccessful, which has left the Controller's Office and the budget section understaffed and overwhelmed. The departure of Mr. Muse resulted in some loss of institutional knowledge.

In addition to staffing turnover and position changes, drafting the ACFR has also been burdened by the implementation of GASB 87 (the new lease accounting standard) and the financial reporting associated with federal pandemic relief funding. Unlike many of our peer communities, CBJ did not add staff to assist with these burdensome requirements.

Ultimate responsibility for the timely production of the ACFR and the completion of the audit lies squarely with me as the Finance Director. At this point in time, there is nothing I can do to expedite the final production of the ACFR or to speed up the audit process. But I remain in daily conversation with both the Controller and our auditors at Elgee Rehfeld. Once the FY2022 ACFR and audit are complete, I will undertake a full review of this year's process to determine a corrective approach and schedule for FY2023's ACFR and audit. Additionally, I will review staff competencies to determine what additional professional development is necessary to facilitate more timely production of the financial statements.

CBJC 57.05.070 requires that the audit is complete within 210 days of the end of the preceding fiscal year. With the aforementioned delay, the Finance Department will fail to meet this deadline. This memo serves to acknowledge this violation of CBJ Code. Additionally, CBJ has received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the past 35 years. This substantial delay in the production of the ACFR and audit may threaten our ability to earn that award for FY2022.

I heartily regret this delay and the resulting consequences, and I take full responsibility for them. I will devote substantial attention to the FY2023 ACFR and audit in the coming year with the intention to guarantee a timely result. No Assembly action is necessary at this time.

Ordinance 2022-06(b)(Z)
Manager's Report

An Ordinance Appropriating $250,000 to the Manager for Junk Vehicle Cleanup and Remediation at River Road; Funding Provided by General Funds.

To date, 103 vehicles have been removed from the River Road property, costing a total of $152,500. CBJ has been reimbursed for $105,000 of that amount. The remaining balance will be reimbursed pursuant to a court order, which allows CBJ to foreclose on the property beginning with the vehicles.

As of October 27, 2022, there are still approximately 228 vehicles located at the River Road property. CBJ will request a court order to seize and auction any vehicles of value to attempt to recoup some of the remaining balance owed.

Due to the lengthy court process, there is a need for additional funds now to complete remediation work. Similar to the last round of clean up, CBJ will seek reimbursement of these expenses in subsequent legal proceedings, which may result in property foreclosure.

Presented by: The Manager
Introduced: December 12, 2022
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2022-06(b)(Z)

An Ordinance Appropriating $250,000 to the Manager for Junk Vehicle Cleanup and Remediation at River Road; Funding Provided by General Funds.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriation. There is appropriated to the Manager the sum of $250,000 for junk vehicle cleanup and remediation at River Road.

Section 3. Source of Funds

General Funds	$250,000

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this ________ day of ____________, 2023.

____
Beth A. Weldon, Mayor

Attest:

____
Elizabeth A. McEwen, Municipal Clerk

Engineering & Public Wor[ks Department]
Marine View Building, Juneau, AK 99801
907-586-5254

MEMORANDUM

DATE: **January 3, 2023**

TO: **Chair Triem and CBJ Finance Committee**

FROM: **Katie Koester, Engineering & Public Works Director**

SUBJECT: **FY2024 Legislative Capital Priorities Ranked**

The purpose of this memo is to introduce to the Assembly and the public to this year's ranked Legislative Priorities. The attached list is a collation of the rankings of members who were able to respond. A number of the projects were tied; when that was the case, the project that ranked higher on the priority list last year was placed higher. For example, Pederson Hill and North State Office Building were tied for the number one spot and because Pederson Hill ranked #3 last year over the parking garage at #10, it took the top spot.

For reference, the PWFC packet from December 19th (https://juneau-ak.municodemeetings.com/) back-up information including individual project descriptions and correspondence from advisory bodies.

This list will be discussed, including any proposed changes, with members of the State delegation and CBJ Federal Lobbyist, Katie Kachel at the January 26th Legislative Breakfast and formally adopted at a Special Committee of the Whole that evening.

Recommendation: Informational Only

Enc:
FY2024 Draft Legislative Priorities

Assembly Scoring (1 - 22)	FY23 Adopted Priority Ranking	Project Name:	Amount Requested:	Total Project Cost:	Funding Already Secured:
1	Rank #3	Pederson Hill Development	$3M	$10M	$2.3M
2	Rank #10	North State Office Building Parking	$30M	$40M	$5M in FY2023 State Capital Budget; $5M request in 1%
3	Rank #9	Telephone Hill	$2M	TBD	$100,000
4	New - Radio	CBJ Radio System Replacement	$14M	$14.5M	$500,000
5	New - HVAC	JSD Wide HVAC and Heating Control System Upgrades	$6.4M	$6.4M	$0.00
6	New - FOGs	Mendenhall Wastewater Treat. Plant Compliance: Fats, Oil, and Grease & Grit Removal	$5.75M	$5.75M	$0.00
7	Rank #1	Lemon Creek Multimodal Path	$8M	$10M	$250,000; $1.5M, 1 % Sales Tax
8	Rank #2	Juneau North Douglas Crossing	$13M	$100-$200M	$2M for PEL; $250,000 CBJ; $7M CDS
9	Trank #4	New City Hall	$5M	$43.2M	$6.3M
10	Rank #6	Capital Civic Center	$5M, State of Alaska; $30M Federal Delegation	$65M	CBJ- $2M design; $7M upgrades to centennial hall; $10M commitment from CLIA for MPFs
11	New - Solids Removal	Mendenhall Wastewater Treatment Plant Compliance Upgrade – Solids Removal	$9.5M	$9.5M	$0.00
12	New - JSD Sec	JSD – Wide Security and Safety Upgrades	$2M	$2M	$0.00
13	New - compost	Municipal Composting Facility Design and Construction	$2.5M	TBD	$2.5M - CDS
14	Rank # 13	Aurora Harbor Rebuild – Ph IV *(Continuation of Rank #13 Project Aurora Harbor Phase III)*	$1M	$7M	$0
15	Rank #14	Auke Bay New Breakwater	$5M	TBD	$0
16	Rank #16	Waterfront Juneau Douglas City Museum	$2M	12M	$2M in 1%

17	New - Cruise Ship	Small Cruise Ship Infrastructure	$30M	$30M	$0.00
18	Rank #15	North Douglas Boat Ramp Expansion	$250K	$20M	$0
19	New - OHV	Off-Highway Vehicle (OHV) Park Development	$5.7M	$6M	$300,000
20	Rank #7	West Douglas Extension	$4M	$5M	$0
21	Rank #18	Auke Bay Seawalk/Baywalk	$250K	$30M	$0,00
22	New - Renninger	Jackie Renninger Park Development & Pipeline Skatepark Improvements	$4M	$4,075,000	$75,000

Port of Juneau

155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

From: Carl J. Uchytil
Port Director

To: City & Borough Assembly

Via: (1) Docks & Harbors Board
(2) City Manager

Date: August 4th, 2022

Re: CBJ DOCK ELECTRIFICATION

1. Docks & Harbors has completed a thorough review of the design efforts necessary to electrify the two CBJ owned cruise ship docks. The enclosed report revalidates the 2016 Shore Tie Power Feasibility Study, advances design options and provides cost estimates to add electrical service to the Cruise Ship Terminal (CT) Dock and the Alaska Steamship (AS) Dock. Significant consultation with the local electrical utility company (AELP) along with other Juneau partners, stakeholders and community members have provided input leading to a proposed way forward included in this memo.

2. At its May 16th, 2022 meeting, the Assembly provided direction to pursue an initiative referred to as the Alaska, British Columbia, and Washington Maritime Green Corridor. This collaborative effort, led by ports, industry, governments, and non-governmental organizations, will explore a maritime green corridor aimed at accelerating the deployment of zero emission ships and operations in the Pacific Northwest. Advancing the CBJ plans to expand shore power to visiting cruise ships would segue appropriately into the Green Corridor stated goal of net-zero emissions by 2050.

3. In providing context to years of efforts to develop the waterfront including community planning goals and milestones, the following is offered:

   - 2001 Franklin Street Dock commissioning of electrical shore-side power
   - 2004 Adoption of the Long Range Waterfront Plan (LRWP)
   - 2010 Adoption of Resolution 2542 approving CBJ Cruise Ship Design Concept (aka 16B)
   - 2011 Adoption of Resolution 2593 approving Juneau Climate Action & Implementation Plan
   - 2013 Adoption of Ordinance 2013-26 Comprehensive Plan of the City & Borough of Juneau
   - 2015 Award of $54M Cruise Ship Docks Improvement Project
   - 2016 Completion & commissioning of Cruise Ship Terminal Dock
   - 2016 Cruise Ship Berths Shore Tie Power Study Feasibility Report
   - 2017 Completion & commissioning of Alaska Steamship Dock
   - 2018 Adoption of Resolution 2808 approving Juneau Renewable Energy Strategy
   - 2022 Completion of Juneau Cruise Ship Dock Electrification Study

With the exception of the 2004 LRWP, which is silent on cruise ship shore power, numerous sustainability plans noted above have identified a community priority to reduce cruise ship emissions. The iterative process in planning, designing and construction of the new CBJ owned cruise ship docks resulted in the installation of conduit under Franklin Street and electrical vaults pierside. These elements were purposely deployed to facilitate future construction without impacting the street and to ease the installation of copper conductors from proposed hillside locations. Since construction at the CT and AS Docks, the execution of dock electrification has been limited by local funding, concurrence of sufficient power from the power utility, and vessel limitations to receiving shore power. In conducting enclosed study, it appears there is an alignment of commitment from CBJ, AELP and CLIA-Alaska with investing in electrical shore-power infrastructure in the Port of Juneau.

4. One significant revelation from the study includes (page 43):

   Based upon historical precipitation existing hydroelectric generating capacity, and electrical demand, AEL&P projects they will be capable of offering electrical energy to the CBJ cruise ship docks only 25% of the time it is requested. It is expected this will improve over time as the firm load increases, requiring the construction of additional hydroelectric power plants. Such construction will likely facilitate additional capacity for interruptible loads.

   This information is flagged not to dissuade moving forward with dock electrification but only to manage expectations that shore power connections for cruise vessels is reliant upon several systems working together to successfully execute. As an aside, in consulting with AELP, the reservoir water levels have been sufficient that they could provide power to both AS and CT Docks for the 2022 season.

5. With support provided by Juneau Commission on Sustainability (JCOS), Docks & Harbors has submitted several grant applications to secure federal funding for docks electrification. Each of the submitted grant applications was for $25M with a commitment from the Assembly that $4.9M would be local match. Those grants include:
   - $25M FY21 RAISE (Rebuilding American Infrastructure with Sustainability & Equity) – submitted in July 2021 was informed in January 2022 that we were unsuccessful;
   - $25M FY22 RAISE (Rebuilding American Infrastructure with Sustainability & Equity) – submitted in April 2022 with an anticipation of notice of awards in October 2022;
   - $25M FY22 PIDP (Port Infrastructure Development Program) – submitted in May 2022 with an anticipation of notice of awards in October 2022

   As part of the IIJA (Infrastructure Investment & Jobs Acts), the Biden Administration has provided numerous, but highly, competitive federal grants. Docks & Harbors, working with our federal lobbyists, evaluates each grant as an opportunity to meet Juneau's waterfront needs. It is important to note that federal grants are typically very prescriptive in what projects can be considered. For example, early versions of the FY22 PIDP Notice of Funding Opportunity (NOFO) only allowed "freight ports" to apply. Our Congressional Delegation was able to secure a language change enabling a "passenger port" to apply; however, most likely this variance will not be available for the Port of Juneau in future NOFOs. It is also plausible that the recently announced "Inflation Reduction Act" as part of the draft Senate's Reconciliation bill would provide additional opportunities for port electrification funding but our success would still be speculative for planning purposes.

6. Resolution 2975(b), which includes the FY23 CIP priorities, provides $2.64M for Dock Electrification leveraging State Marine Passenger Fees. Under this appropriation, we propose $1.64M to fund a new transformer with an integral Load Tap Changer (LTC) at the South Franklin Dock (SFD) substation. The lack of an LTC on the transformer at the SFD substation will make it virtually impossible to successfully provide shore power at additional docks in Juneau. Refreshing the 20-year old equipment with current technology will significantly improve the flexibility of the SFD substation to meet the voltage levels required by the cruise ships and ultimately allow cruise ships which are currently connecting to be on shore power for a longer period of time. Unfortunately, LTC transformers are long lead items and the estimated timeline to procure is approximately three years.

7. Docks & Harbors recommends the Assembly adopt a plan to facilitate future dock electrification grant applications, but commit to moving forward using locally controlled passenger fees to fund one CBJ-owned dock. The analysis

of cruise vessel use and the historic review of available power from the utility would suggest that electrifying the AS Dock would support the short term goals of the community. Committing to local funding of one CBJ-owned dock will streamline the construction process, allow for fiscal planning while continuing to seek outside grants, provide for other waterfront priorities and incrementally encourage the cruise industry to transition all vessels to be capable of accepting shore power. The following schedule is proposed:

a. November 2022 – Docks & Harbors executes contract agreement with AELP to secure new LTC transformer for South Franklin Street substation;
b. January 2023 - CBJ Finance Department secures $20M in Revenue Bonds for Docks Electrification Phase I (dubbed AS+) which would provide two LTC transformers for each of the CBJ Docks but would only make ready the AS Dock for ship connection;
c. January 2024 – Award Alternative Procurement Method contract (i.e. Design-Build) to connect from the AELP provided uplands substation and installation of: conductors, new power deployment float at AS Dock, switchgear on the power deployment floats, submarine cable to the power deployment floats;
d. Fall 2025 – AELP receives new LTC transformer and installs for 2026 cruise season at the SFD;
e. January 2026 – CBJ receives two new LTC transformers for AELP installation
f. Summer 2026 – Alaska Steamship Dock on-line to provide shore power to available cruise vessels.

8. Throughout the above timeframe, Docks & Harbors will continue to seek grant funding for CT Dock electrification. If these efforts are unsuccessful other financing options will be considered once the AS Dock is complete. The existing bond debt which funded the new CBJ owned cruise ship docks, Seawalk expansion, the parking lot uplands is currently $18.2M, with $2.0M of dedicated Port Development Fee on an annual basis. The largest portion of this debt will be retired in 2035, and a remaining smaller portion will be retired in 2039. It is reasonable to assume the $20M of new revenue bonds proposed in CY23 can be assumed in the existing fiscal environment. Fees associated with connecting cruise ships to the improved infrastructure will be addressed outside this memo.

9. Although there are many details to resolve in the near term, the consensus is that shore power connection at the City owned docks can proceed in appropriate manner with direction to pursue local funding from committed future passenger fees.

Recommendations:

A. Direct purchase of Load Tap Changer Transformer for use by South Franklin Dock.
B. Approve project scope and schedule.
C. Request preparation of Revenue Bond.

#

Encl: 2022 Juneau Cruise Ship Dock Electrification Study

Bartlett Regional Hospital

3260 Hospital Drive, Juneau, Alaska 99801 907.796.8900 www.bartletthospital.org

Memorandum

DATE: January 4, 2023
TO: Rorie Watt, CBJ City Manager
FROM: David Keith, BRH CEO
RE: Wildflower Court Acquisition – Bartlett Plan of Action

SUMMARY:
With the community's health needs at the forefront, and in alignment with Bartlett's (BRH) strategic growth initiatives, the acquisition of Wildflower Court should be immediately prioritized. The visions of both BRH and WFC align as each organization aims to be leaders in the healthcare services that are vital to the greater Southeast Alaska community. BRH's acquisition of WFC will expand the scope, quality and continuity of healthcare services for our residents and patients in a truly sustainable manner. Additionally, the WFC facility includes over 43k sq. ft. of medical and administrative space, much of which could be optimized through organizational and administrative efficiency gains available to BRH post-merger.

BACKGROUND:
WFC's Board of Directors determined that the challenges associated with the current healthcare market inhibit its ability to remain solvent and independent. Under this premise, WFC decided to pursue a partnership with a larger organization. WFC leadership submitted a written Request for Information to both BRH and Southeast Alaska Health Consortium on November 10th. BRH prepared the RFI response and transmitted to WFC's Interim Administrator on December 2nd. BRH was informed on December 6th that the WFC Board voted unanimously to move forward with having BRH assume operations. WFC and BRH issued a joint news release announcing the merger on December 8th. Several internal BRH meetings have taken place to commence planning the transition process. BRH is also working with WFC to establish initial transition plans and is anticipating participating in an HR "Town Hall" with WFC employees in mid-January.

PLAN OF ACTION:
In consultation and coordination with CBJ leadership, BRH intends to enter into a Management Agreement with WFC as early as March 1, 2023. A draft Management Agreement has been drafted and circulated for legal and operational review. A Management Agreement will afford CBJ and BRH additional time to perform legal and financial due diligence and will allow BRH to gain a more comprehensive understanding of WFC's organizational, operational, and administrative processes, challenges, and opportunities. While overseeing WFC operations under the management agreement, CBJ and BRH can identify the most appropriate mechanism to finalize the formal acquisition. Depending on the chosen acquisition mechanism, this process may take up to two years. BRH sincerely appreciates CBJ's partnership and support in this important endeavor.