



ASSEMBLY FINANCE COMMITTEE AGENDA

June 07, 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. May 17, 2023

D. AGENDA TOPICS

2. CBJ Bonding Capacity & General Obligation Bond Planning

3. Update on Sales Tax Delinquencies

4. Wildflower Court Bond Covenant Waiver

E. NEXT MEETING DATE

5. July 5, 2023 (Tentative)

F. 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

May 17, 2023, at 5:52 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 5:52 pm by Mayor Weldon, acting chair for Carole Triem.

B. ROLL CALL

Committee Members Present: Mayor Beth Weldon; Maria Gladziszewski; Greg Smith; Christine Woll; Wade Bryson

Committee Members Present Virtually: Michelle Hale; Alicia Hughes-Skandijs

Committee Member Absent: Chair Carole Triem; Wáahlaal Gíidaak

Staff Members Present: Rorie Watt, City Manager; Robert Barr, Deputy City Manager; Jeff Rogers, CBJ Finance Director; Adrien Speegle, Budget Manager; Katie Koester, Engineering and Public Works Director; Sam Muse, Bartlett Regional Hospital Chief Financial Officer; Sherri Layne, Acting Municipal Attorney; Alexandra Pierce, Tourism Manager.

Others Present: Kenny Solomon-Gross, Bartlett Regional Hospital Board of Directors President

C. APPROVAL OF MINUTES

1. May 10, 2023

The May 10, 2023 minutes were approved as presented.

D. AGENDA TOPICS

2. Revenue Tax Forecast

a. Sales Tax Forecast

Jeff Rogers, Finance Director, introduced the update to the FY23 Sales Tax Actuals and Forecast, stating that the actuals figure for FY23 Q3 was recorded at \$1.3 million under forecast. Mr. Rogers further stated that the reason for this is a timing difference in the reporting, with \$0.8 million being recorded in Q2 and approximately \$0.5 million will be recorded in Q4.

Mr. Rogers stated to the Committee that the result of the findings is that the collections are not as largely different from the forecast as was feared and does not recommend making any changes to the forecast for FY24 at this time.

Mr. Rogers answered Committee questions on the nature of fiscal year quarterly reporting.

b. Update on Assessment Appeals, Property Valuation Increase Metrics

Mr. Rogers introduced the update on residential property assessments and appeals found on pages 58-60 of the packet. Mr. Rogers stated that for FY23 the Assessor's Office received 395 property appeals, 252 of which have been closed. He stated that for most cases the appeals resulted in a lowering of property values because the appellant was able to give further information regarding the property that was not available to the Assessor's Office previously.

Mr. Rogers reviewed the graph on page 59 of the packet, stating that the median home price and the CBJ assessed home values line up. He further noted on the graph that the rise in housing and inflation in the Consumer Price Index (CPI) shows that home prices are rising much quicker than other cost of living factors.

Mr. Rogers answered Committee questions.

3. Updated Budget Summary

Mr. Rogers presented the updated budget summary document found on page 2 and 3 of the packet, stating that it shows the impact of Committee decisions in the FY24 budget process. It also gives the ability for the Committee to see impacts of various mill rates on fund balance and total property taxes. Mr. Rogers stated that the Committee can revisit this document during the mill rate discussion under Agenda Topic #6.

4. Capital Improvement Plan & 1% Sales Tax Allocation Amendments

Mayor Weldon introduced Bartlett Regional Hospital leadership to give a special presentation on the impacts of the \$2.5 million grant approved by the Committee earlier in the budget process being transformed to a Central Treasury Loan.

Kenny Solomon-Gross, Bartlett Regional Hospital Board President, thanked the Committee for allowing Bartlett Regional Hospital (BRH) to present tonight and introduced Sam Muse, BR H Chief Financial Officer.

Mr. Muse stated to the Committee that additional funding is appreciated and explained why BRH is requesting funding to be given in the form of a grant instead of a loan. Mr. Muse stated that funding in the form of a loan would have to be recorded differently than a grant would. A loan would result in a temporary boost in cash, however, would also be recorded as a liability because it is a debt. The result of this would be to limit BRH's ability to take out future debt to fund capital assets that support their strategic plan to become self-sustaining.

Mr. Muse stated to the Committee that BRH is in the difficult position of needing to expand operations to generate additional revenues, and at the same time trying to cover the losses that are currently occurring. The request BRH is making for a grant would support this effort in a way that a loan couldn't. Mr. Muse further stated that loans are rarely taken out to support operational deficits due to the nature of it being a debt.

Mr. Muse responded to the Committee's question of why the funds to cover BRH's deficit should come out CBJ's fund balance by stating that BRH is slightly larger than the rest of the CBJ and has lost over half of its fund balance in the previous five years. Mr. Muse further stated that BRH faces many uncertainties that CBJ does not face, including being dependent on patient metrics, while CBJ does not face this same issue. Mr. Muse thanked the Committee for past contributions that BRH has received from them.

Assemblymember Woll asked why BRH is not requesting recurring funding from the CBJ instead of this being a one-time funding request. Mr. Muse responded that BRH does not seek to be reliant on contributions from CBJ to continue operations and the goal of BRH leadership is to be self-sufficient in the future. BRH leadership does not see continual funding from CBJ as a sustainable long-term solution to funding operational deficits.

Mr. Muse responded to Committee questions regarding the benefits of having BRH be a city-owned operation by stating that because BRH is city owned, the people have a portion of say in how it operates. Mr. Solomon-Gross further stated that it allows for many city initiatives and needs to be incorporated into the operations and services that BRH offers. He further affirmed that having city health resources incorporated into the local hospital services is incredibly beneficial for the community.

Mr. Muse answered further Committee questions, stating that BRH needs to acquire more revenue streams to become self-reliant. He further affirmed that the funds that are being asked for are to cover current deficit that BRH has and to allow for the acquisition of additional revenue streams and services for the community.

Motion: by Assemblymember Bryson to fund BRH in the amount of \$2 million in one time funding from the General Fund.

Objection: by Assemblymember Woll for the purpose of clarifying if the motion is to be in addition to the previous funding granted in the form of a Central Treasury Loan to BRH and asked if that was possible to do.

Sherri Layne, Acting Municipal Attorney, clarified for the Committee that because the motion contains a funding amount that is different from the previous loan amount, it is allowable.

Assemblymember Hughes-Skandijs stated that more information is needed for her to support a grant of an additional \$2 million over the \$2.5 million loan, stating that more planning and development is needed to justify this additional funding.

Assemblymember Hale expressed concerns for the needs that BRH has in its operations and expressed support for providing funding for the strategic initiatives that BRH leadership has developed.

Assemblymember Gladziszewski expressed further support in giving assistance to BRH, stating that the cost of failure for a community hospital such as BRH would be unacceptable.

Roll Call Vote

Ayes: Weldon, Gladziszewski, Hale, Smith, Bryson

Nays: Woll, Hughes-Skandijs

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

a. Update on Construction Cost Escalation

Katie Koester, Engineering and Public Works Director, reviewed the memo found on page 10-13, stating that construction bids are coming in significantly higher than estimated. She stated that the estimates being used are recent and account for inflation projections, so the higher costs are

alarming. She further stated that the impact of these high costs are potential project cancellations, or the need for a funding increase for projects to be completed.

Ms. Koester answered Committee questions, stating that there are no changes being made to the CIP plan at present, however the information presented is a warning that there could be changes needed in the future.

Ms. Koester reviewed the 1% Sales Tax Schedule found on page 9 of the packet, stating that although the Committee is deciding on only the funding for FY24's scheduled projects during this budget cycle, any changes to FY24 funding allocations would likely impact the allocations in future years. Ms. Koester answered Committee questions.

b. Passenger Fee CIP Amendments

Alexandra Pierce, Tourism Manager, reviewed issues being faced with the shore power revenue bond, stating that effectually CBJ cannot issue the revenue bond of \$5 million as planned.

Mr. Rogers clarified for the Committee that the nature of revenue bonds require bond covenants that limit the amount of bond debt that can be issued. Due to the pandemic, significantly less revenue was collected and led to a technical default of the bond covenant for the 16B Dock and Seawalk revenue bonds, which prohibits the issuance of more bond debt in the current fiscal year. Mr. Rogers stated that on July 1, 2023 this issue will be resolved, however it does mean that the shore power project remains unfunded at this time.

Mr. Rogers advised the Committee that the options are to wait until July 1, 2023 and issue the bond debt at that time, or to fund the project with cash from FY24 passenger fees. Mr. Rogers advised that the best course of action is to fund the project with passenger fees and then issue bond debt to fund other projects that those fees were set aside for.

Motion: by Assemblymember Gladziszewski to accept the passenger fee amendments regarding shore power.

Motion passed by unanimous consent.

c. New City Hall

Rorie Watt, City Manager, reviewed the memo found on page 15-16 and discussed the need for a solution to the current city hall deterioration and the status of several CBJ offices being leased. Mr. Watt stated that currently there is at least one office that was inspected by OSHA that failed safety inspections. He further stated that the need is great for a new city hall facility and CBJ currently has a significant debt capacity moving into FY24.

Mr. Rogers clarified that the Committee does not have significant time to be able to get a proposition on the October ballot for public vote. He further clarified that an ordinance would need to be introduced by no later than July 10th to be adopted in time to be placed on the October ballot.

Motion: by Assemblymember Woll to amend the title on the FY24 CIP resolution from New City Hall to City Hall.

Motion passed by unanimous consent.

The Committee recessed at 7:03 pm.

The Committee reconvened at 7:10 pm.

d. Assembly Amendments

This item was discussed, noting that the Assembly did not submit any amendments to the CIP plan for consideration, however the Committee may propose amendments during Agenda Topic #6.

5. Passenger Fee Proposal

Motion: by Assemblymember Gladziszewski to adopt the Manager’s Passenger Fee Proposal as amended.

Motion passed by unanimous consent.

6. Final FY24 Revised Budget Decisions

a. CIP Resolution 3016

Motion: by Assemblymember Smith to reduce the City Hall appropriation by \$2 million.

Objection: by Assemblymember Hale.

Amendment: by Assemblymember Bryson to change the amount of the reduction to \$1 million.

Objection: by Assemblymember Smith and Mayor Weldon.

Roll Call Vote on Amendment:

Ayes: Bryson, Gladziszewski, Woll, Hughes-Skandijs,

Nays: Weldon, Hale, Smith

Amendment failed. Four (4) Ayes, Three (3) Nays.

Objection to Original Motion: by Mayor Weldon, and Assemblymembers Woll and Hughes-Skandijs, for the purpose of stating that a new City Hall facility is a priority need and is not where funds should be reduced.

Roll Call Vote on Original Motion

Ayes: Smith, Gladziszewski

Nays: Weldon, Hale, Woll, Hughes-Skandijs, Bryson

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

Motion: by Assemblymember Gladziszewski to move CIP Resolution 3016 to the full assembly as amended.

Motion passed by unanimous consent.

b. Mill Levy Ordinance 2023-16

Mr. Rogers reviewed the document on page 3 of the packet which shows the impact of the decisions already made by the Committee during the budget review process. Mr. Rogers showed various mill rate options using this document and reviewed the impact these mill rates would have on the General Fund balance.

Mr. Rogers answered Committee questions on what the historical low is for the mill rate, stating that the lowest mill rate over the last 20 years in Juneau was 10.17 mills in 2007. Assemblymember Bryson asked for the impact on fund balance if the mill rate were to be set at 10.16 mills. At this mill rate, the decrease in property taxes collected would be \$780,000, with a total recurring deficit after the projected \$1 million lapse of \$1.1 million. This includes \$325,000 of recurring expenditures the Committee added to the budget.

Assemblymember Smith asked for clarification on the historical philosophy that has guided mill rate determinations. Mr. Rogers stated there has not been an established method of setting the mill rate and that in large part the mill rate has varied relative to fiscal needs and determinations of the Assembly. He further stated that this has been changing and the mill rate has been flat over the past several years, partly in response to the desire to create a more consistent method and partly due to the pandemic and the desire not to raise taxes during that time.

Assemblymember Smith further expressed concerns for the rise not only in property tax but in sales tax revenue over the past several years.

Motion: by Assemblymember Hale to amend the proposed mill rate from 10.28 to 10.16 mills, stating that a mill rate of 10.16 mills will result in a 16% rise in property taxes which is commensurate with other inflationary measures.

Objection: by Assemblymember Woll and Smith. Assemblymember Woll stated that reducing the mill rate significantly from the manager’s proposed rate is not wise. Assemblymember Smith stated that the mill rate reduction should be more aggressive.

Assemblymember Hughes-Skandijs stressed the importance of having stability in budget decisions and although she supported determining an as low as possible mill rate, she cannot support being overreactive in the determination.

Assemblymember Gladziszewski stated that the jump in property values is not the greatest that Juneau has seen, and that she supports a reasonable reduction in the mill rate. She further stated that downward pressure on the budget is not achieved by reducing revenues, but rather by reducing expenditures, and reducing the mill rate aggressively would not be wise.

Mayor Weldon further stated that although home assessments are up, so are expenditures and the city is facing inflationary costs as well.

Amendment: by Assemblymember Smith to reduce the proposed mill rate from 10.28 to 10 mills.

Objection: by Assemblymember Gladziszewski and Mayor Weldon.

Roll Call Vote on Amendment

Ayes: Smith, Hale

Nays: Weldon, Gladziszewski, Woll, Hughes Skandijs, Bryson

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

Assemblymember Hale withdrew her original motion, to change the order of her motions.

Motion: by Assemblymember Hale to reduce the amount transferred in the manager’s budget to the Restricted Budget Reserve from \$4 million to \$3 million, with the additional million going to the General Fund.

Motion passed by unanimous consent.

Motion: by Assemblymember Hale to amend the proposed mill rate from 10.28 to 10.16 mills.

Roll Call Vote on the Original Motion

Ayes: Weldon, Gladziszewski, Hale, Smith, Hughes-Skandijs, Bryson

Nays: Woll

Motion passed. Six (6) Ayes, One (1) Nay.

Motion: by Assemblymember Gladziszewski to move Ordinance 2023-16 as amended to the full Assembly.

Motion passed by unanimous consent.

c. CBJ Budget Ordinance 2023-14

Motion: by Assemblymember Gladziszewski to move Ordinance 2023-14 as amended to the full Assembly.

Motion passed by unanimous consent.

E. SUPPLEMENTAL MATERIALS

7. May 10, 2023 Meeting Minutes

This item was discussed at the beginning of the meeting.

8. Updated Sales Tax Forecast and Memo

This item was discussed under Agenda Topic #2.

9. Update on 2023 Residential Property Assessments and Appeals – Memo

This item was discussed under Agenda Topic #2.

F. NEXT MEETING DATE

June 7, 2023

G. ADJOURNMENT

The meeting was adjourned at 8:04 pm.

MEMORANDUM

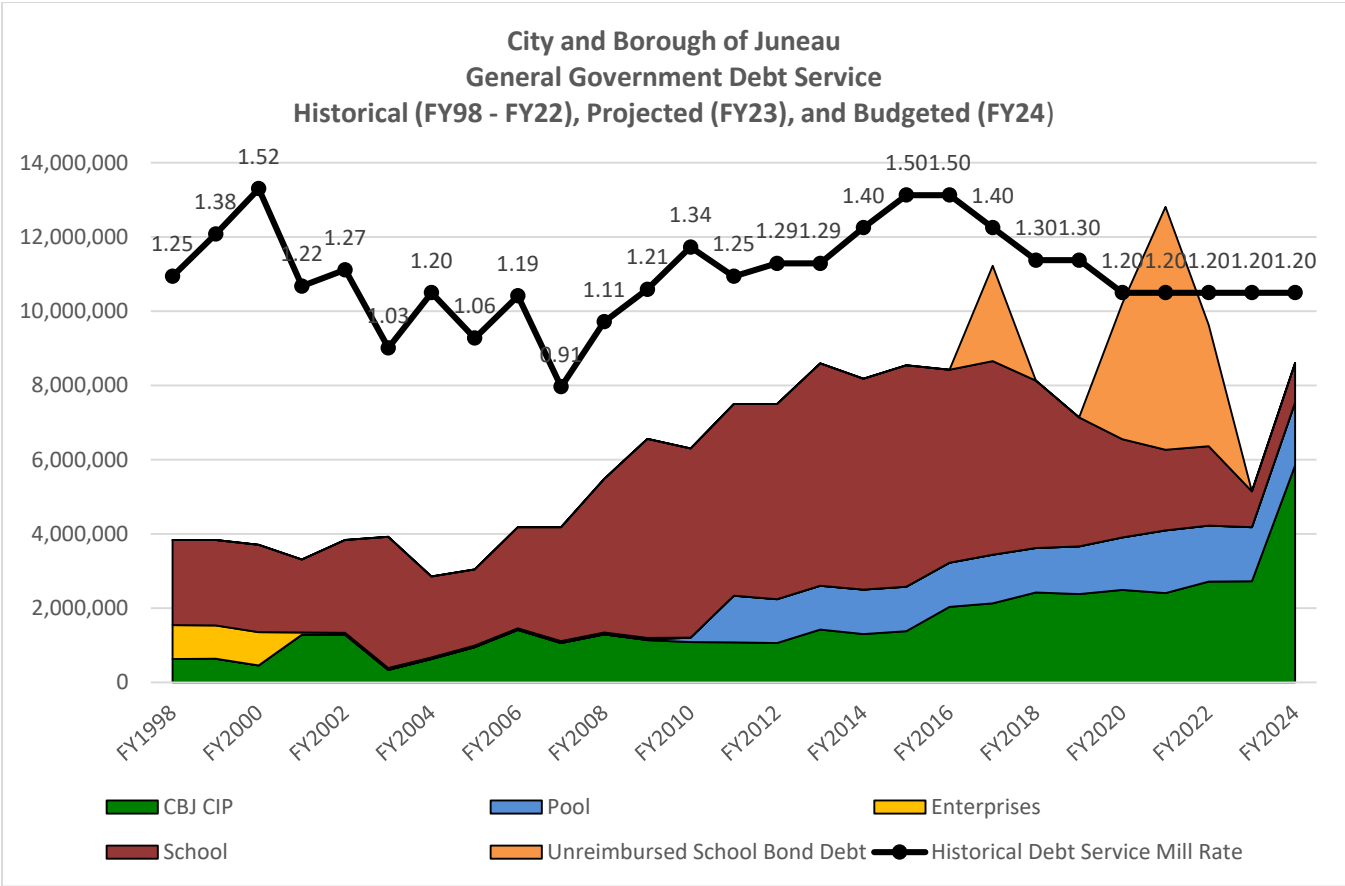


DATE: June 7, 2023
TO: Assembly Finance Committee
FROM: Jeff Rogers, Finance Director
SUBJECT: General Obligation Bond Capacity

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

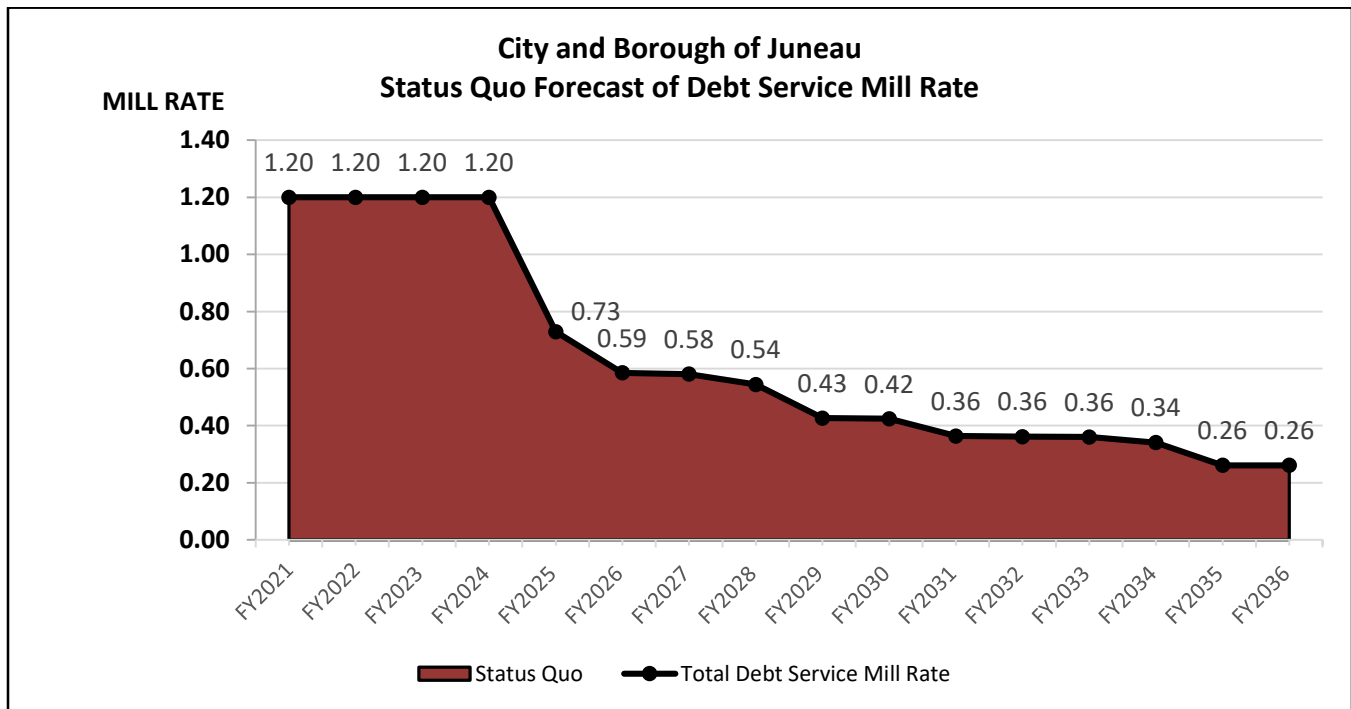
History of Debt Service

The following chart is an interesting view of CBJ’s history of debt service since 1998. The black line plots the debt service mill rate, while the colored areas show the amount of debt service payments by function. As you can see, most debt spending over the past 25 years has been on school facilities (in red). You might note here that prior to 2014, the debt service mill rate fluctuated annually; but from 2014 to now, it has been flatter in the range from 1.2 to 1.5. During this time, debt has been issued strategically to limit rate volatility. In the years where CBJ experienced significant debt service shortfalls due to unreimbursed school bond debt (in orange), the balance of the debt service fund was temporarily allowed to go negative, which had the effect of spreading out that financial impact over several years. In FY2024, you can see the spike of debt service (in green) that corresponds to the accelerated rate of repayment on the newly issued park bond.



Future of Debt Service

CBJ is retiring GO debt rapidly in the coming years. The current 1.20 debt service mill rate is forecast to fall to 0.73 in FY25 unless the community votes to take on more general obligation debt or CBJ accelerates payment on existing GO debts. The following graph illustrates this projected trajectory.



Future Debt Capacity

PFM Group Consulting provided CBJ with a report on general obligation debt capacity in 2017. In that report, they focused on three measures:

- 1.) Percentage of assessed value
- 2.) GO debt service mill rate
- 3.) GO debt per capita

Measure #1: Percentage of Assessed Value

CBJ has informal internal policies limiting outstanding debt to 5% of assessed value. However, the 2017 analysis by PFM instead used 3% of Assessed Value as the limit. With CBJ’s assessed value in FY24 at \$6.5 billion, CBJ would have capacity for \$195 million of outstanding debt. Given that CBJ will have about \$36 million of outstanding GO debt at the end of FY24, CBJ has approximately \$159 million of additional GO debt capacity according to this measure.

Measure #2: GO Debt Service Mill Rate

In their analysis, PFM calculated debt capacity at 1.5 mills which was the highest debt service mill rate in recent memory (from 2010). At 1.5 mills, CBJ generates enough property tax to pay \$9.75 million of debt service per year. Projected FY25 debt service is \$4.7 million, leaving \$5 million of additional tax to pay for GO debt. That amount of additional property tax is sufficient for a \$78 million bond amortized for 25 years at 4% interest. At the current debt service mill rate of 1.2 mills, CBJ generates enough property tax to pay \$7.8 million of debt service per year, which would leave \$3.1 million of additional tax to pay GO debt. That amount of additional tax is sufficient for a \$48 million bond amortized for 25 years at 4% interest. Note this is only a measure of additional debt capacity in FY25. Debt capacity in future years would continue to grow as other debts are fully retired.

Measure #3: GO Debt Per Capita

Again, PFM’s analysis used the 2010 high-water mark for debt as the basis for calculating this measure. The bonded indebtedness per capita in that year was \$5,037. At 32,000 residents today, CBJ would have a debt

capacity of \$161 million, even before adjusting the per capita amount for inflation. Given that CBJ will have about \$36 million of outstanding GO debt at the end of FY24, CBJ has approximately \$125 million of additional GO debt capacity according to this measure.

These various measures of GO debt capacity are summarized in the following table:

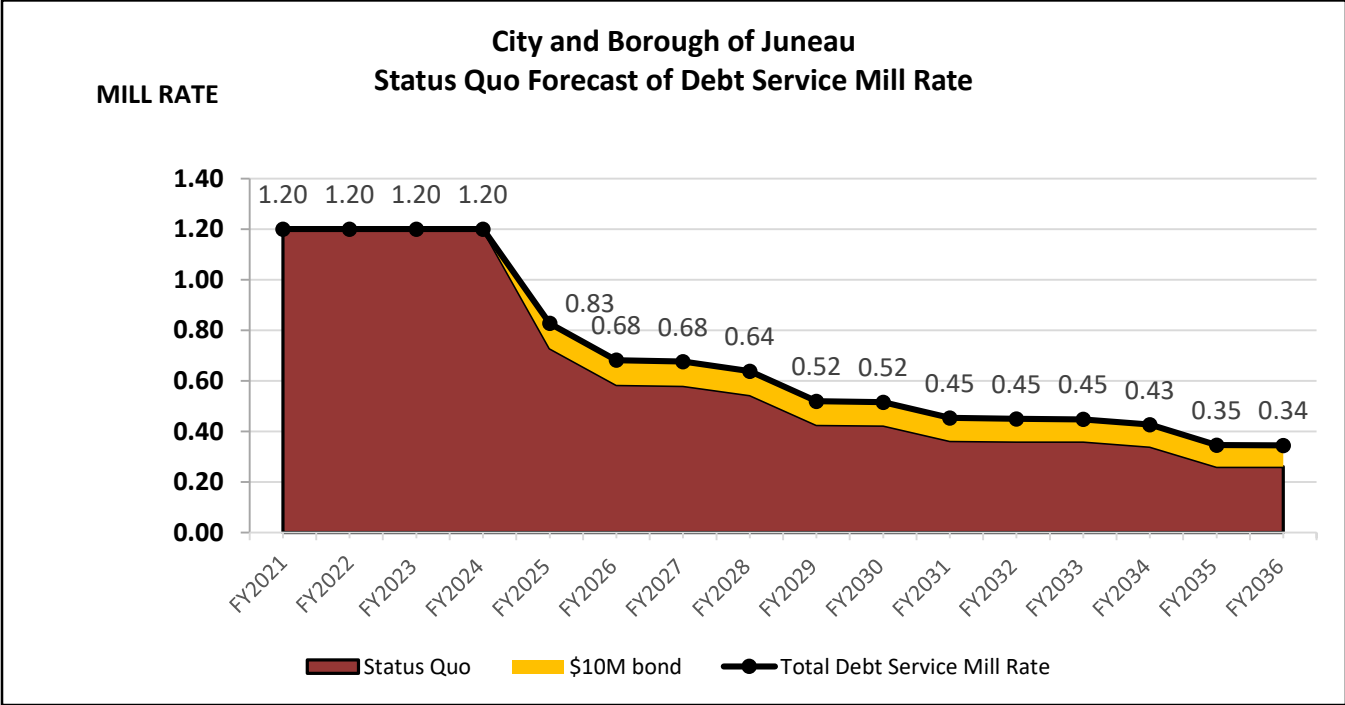
Measure	Total Capacity	Existing Debt	Implied Capacity
3% of Assessed Value	\$195 million total	\$36 million total	\$159 million
Debt Service Mill Rate of 1.5 mills	\$9.75 million annually	\$4.7 million annually	\$78 million
Debt Service Mill Rate of 1.2 mills	\$7.8 million annually	\$4.7 million annually	\$48 million
\$5,037 per capita	\$161 million total	\$36 million total	\$125 million

Facing similar results in 2017, PFM concluded that it was most practical for CBJ to consider debt capacity primarily based on debt service mill rate tolerance rather than from assessed value or population. Since that analysis, CBJ has generally calculated its potential debt capacity against the “limit” of 1.2 mills for debt service.

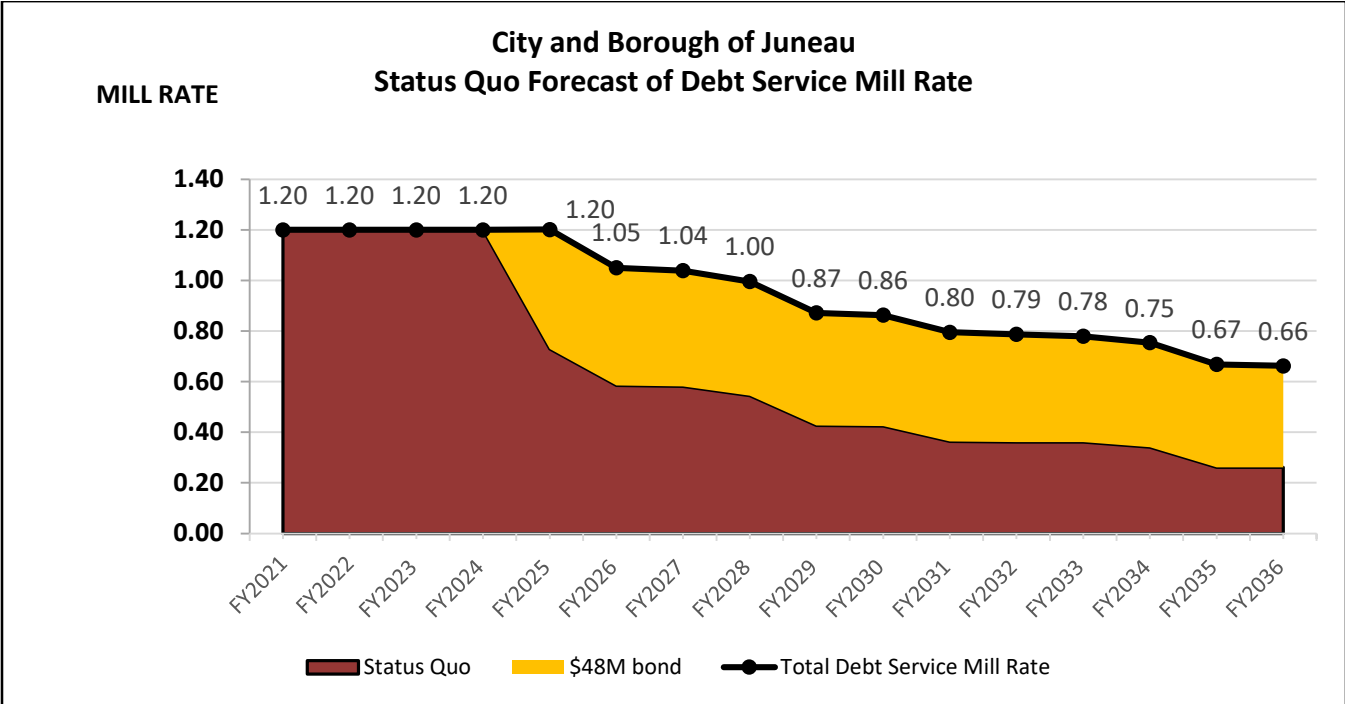
Debt Service Mill Rate Going Forward

It’s best to consider the impact of potential bond issuances using the debt service calculation model. But in short, every \$10 million of new GO debt (25 years @ 4%) impacts the debt service mill rate by about 0.1 mill. Shorter terms will result in higher payments for fewer years, longer terms will result in lower payments for more years. Generally, bond terms of more than 25 years are not recommended.

Here is the debt service model forecast with a new \$10 million bond:



And here is the debt service model forecast with a new \$48 million bond (the maximum amount of bond capacity while maintaining a 1.2 debt service mill rate):



Accelerating Debt Service Payments

As an alternative to new debt issuance, CBJ could opt to retain the 1.2 debt service mill rate and use the excess tax revenue to pay down existing GO debts more rapidly than originally planned. CBJ has about \$8 million of outstanding GO debt that will be callable in FY25, meaning that it could be paid down in advance. For example, without any new GO debt, if CBJ retained the 1.2 mill rate, the city could fully retire that callable \$8 million bond in the next two to three fiscal years. Paying down future debts in advance would expand the debt capacity available to future Assemblies (accordingly, it steepens the decline of the debt service mill rate in the future).

Recommendation

- 1.) Consider renewing the New City Hall bond question with voters
- 2.) Review the following documents and plans for projects that may be ripe for debt financing
 - a. 5-year Capital Improvement Plan
 - b. Legislative Priority List
 - c. Assembly Goals
 - d. Outcomes of the Joint Assembly/School District Facilities Committee
- 3.) Avoid bond sales under \$10 million
 - a. Some costs of issuance are fixed per bond issue, so small bonds are cost inefficient
 - b. Multiple bonds approved by the public can aggregated into one more cost efficient bond sale
- 4.) Consider proposing bonds for groups of related projects, such as:
 - a. Public Safety
 - b. Parks
 - c. Transportation
 - d. School improvements

Additional Considerations on School Improvements

From 2000 forward, CBJ completed many school projects, including the construction of TMHS, one of the largest CIPs ever undertaken by CBJ. During these years, school facilities that had not received much if any maintenance

for several decades were completely remodeled and substantially upgraded. The State school bond debt reimbursement program allowed for 70% of the costs of these projects to be paid for by the State. The Assembly should anticipate significant school facility costs in the future, but not to the level of spending in the last twenty years. No new schools are planned (TMHS, Riverbend Elementary and DZMS were all brought on-line in the last 30 years) and most facilities will need maintenance projects that will not rise to become systemic tear down to the studs affairs. The ongoing Joint Assembly and School District planning committee has the task of ultimately making big community decisions about school facilities. Although school projects in the future will not be as aggressive, the State contribution is also uncertain, quite possibly less than 70% of the costs of the projects.

MEMORANDUM



DATE: June 2, 2023

TO: Assembly Finance Committee

FROM: Angie Flick, Finance Director

SUBJECT: Sales Tax Delinquency Update

105 Municipal Way
 Juneau, AK 99801
 Phone: (907) 586-5215

The purpose of this memo is to bring attention to the most recently published list of delinquent sales tax merchants (March 30, 2023) and to affirm that both CBJ Finance and CBJ Law are working these cases to fullest extent possible.

CBJ 69.05.070 requires that all individuals and businesses engaged in sales, rentals or services file with the Sales Tax Office as well as charge, collect and remit sales tax to CBJ. The timing of filing and remitting sales tax varies per merchant and are monthly, quarterly, or annually. Exempt organizations, individuals and businesses are also required to file sales tax reports even if the end result is zero sales tax remittance required.

Many of CBJ’s merchants comply with CBJ code and follow through with timely filing of sales tax reporting and remittance of sales tax collections. Merchants who do not comply are notified via mail by the sales tax office when a filing or remittance due date passes without action by the merchant. If there is insufficient action from this notification, sales tax staff work closely with collections and CBJ Law to determine the best course forward to resolve the delinquency.

The next steps in addressing delinquency may be different based on factors in each case and can include the estimation of sales tax remittance due; legal and court actions, confessions of judgement (COJ), and the use of third-party collection agencies. Delinquent remittance and non-filing result in late fees and penalties and are published quarterly. CBJ Finance and Law agree that prioritizing resources to bring ongoing and viable businesses into compliance is in the best interest of the merchant and CBJ. Internal resources are focused on these situations first and the remaining merchants are triaged and managed through various methods as mentioned above.

Note that CBJ’s ability to address non-filers and delinquent accounts is dependent on staff capacity and the workload of manual data entry. In 2020, the Sales Tax Office lost a full-time accounting technician due to budget cuts. In an effort to partially offset this staffing loss, recent code changes incentivized more filers to use the online filing portal rather than submitting paper returns. Additionally, staff capacity at the Department of Law has been variable due to turnover and other staffing changes. Ultimately, more staff capacity in Treasury and Law would yield greater ability to address delinquencies and help more businesses stay current.

The attached information is from the quarterly publication in the *Juneau Empire* of Delinquent Sales Taxes dated March 30, 2023. The categories and the amount of sales tax remittance due (excluding fees and penalties) are summarized below:

Category	Number of Merchants	Sales Tax Amount
Active Businesses	68	\$ 281,106.49
Inactive Business/Closed Account	5	25,096.48
Merchants forwarded to CBJ Law	10	312,004.89
Merchants out of compliance with COJ	29	1,057,398.54
Non-Filing Merchants	406	
		\$ 1,675,606.40

**City and Borough of Juneau
Delinquent Sales Taxes
As of March 31, 2023**

The businesses reported in this listing are delinquent in filing and/or remitting of sales tax. The sales taxes collected by merchants, in the normal course of business, are required by law to be held in trust for the City and Borough.

Failure to remit the sales tax will result in significant financial penalties and interest being charged. The penalty for failure to file is \$25. The penalty and interest charged for failure to remit sales tax when due is 5% per month, up to a maximum of 25%, plus interest at 13% per annum. The City and Borough is actively pursuing collection of the taxes owed. For flagrant violations, merchants can be and have been charged with Class A misdemeanors. Class A misdemeanors are punishable by up to one year in jail and/or a \$5,000 fine.

The delinquent merchants listed in this report represent a small minority of the merchants conducting business in the borough. The vast majority of merchants comply with the filing and remitting requirements. The amount of delinquent tax shown in this report represents less than 0.6% of the City and Borough's annual sales tax collections.

The Sales Tax Office welcomes any information that will assist in enforcement and compliance. Questions should be addressed to the Sales Tax Office at 586-5215 ext. 4901 or Revenue Collections at 586-5215 ext. 4908.

**Ruth Kostik
Revenue Officer**

Active Businesses

BUSINESS NAME	TAX DUE
N C MACHINERY CO	\$37,339.60
GILES' ALASKA MUSIC ONE	\$21,362.92
AURORA MANAGEMENT GROUP LLC	\$20,434.23
FRONTIER SERVICES LLC	\$16,466.62
JUNEAU LANDSCAPE SERVICES LLC	\$16,103.20
DIAMONDS INTERNATIONAL OF ALASKA LTD	\$15,910.51
AURORA PROJEKT	\$13,980.96
GOLDDIGGER FILIPINO RESTAURANT JUNEAU	\$10,914.91
NAILS BY AMY	\$10,414.70
AMIGOS AUTO SALES	\$9,186.60
MINERS HALL	\$8,738.88
BLACK MOON KOVEN	\$7,215.15
D&M JEWELRY REPAIR & DESIGN	\$6,796.15
KAPPLER COMPUTER SERVICES INC	\$6,507.16
DECK HANDS MARINE	\$6,004.57

ADVENTURE BOUND ALASKA	\$5,408.85
WILD ALASKAN HALIBUT INC	\$5,114.65
DISH DASH DELIVERIES LLC	\$4,347.24
SOUTHEAST JUNK REMOVAL	\$4,171.07
JUNO PAWN & LOAN	\$3,655.49
COZY CABIN B&B	\$3,382.05
WINCHESTER ROOFING	\$3,182.22
JOHNSON CONTROLS FIRE PROTECTION	\$3,161.02
STARK STREET PROPERTIES LLC	\$2,846.99
CARVER MARINE SERVICES	\$2,682.26
MORGAN ROPER	\$2,081.02
LIKE NEW CLEANING SERVICE	\$2,058.00
ESB INC	\$2,034.73
LORENZOS GENERAL CONTRACTOR LLC	\$1,943.00
RICHEY & GOULD CONTRACTORS LLC	\$1,894.82
WOODS COUNSELING SERVICES THE	\$1,730.25
WILD IRIS PHOTOGRAPHY	\$1,657.86
LYLE'S HOME FURNISHINGS INC	\$1,573.55
SECOND GROWTH HOMES LLC	\$1,447.46
LILAC PLACE	\$1,430.92
SPICE LLC	\$1,385.24
ANDYS FLOORS AND MORE LLC	\$1,245.35
BOWMAN TAMI PIANO INSTRUCTOR	\$1,233.71
ALASKAN GIFTS	\$1,206.18
FIRENATION	\$1,191.25
BEAUTY BAR	\$877.04
TUPOU ENTERPRISES	\$831.88
HAIR BY MCKAYLA H SP	\$805.00
SE MONITORING AND COMPLIANCE SERVICES LLC	\$802.38
BRIDGESTONE AMERICAS TIRE OPERATIONS LLC	\$770.57
CHUM FUN CHARTERS LLC	\$613.93
CLEAR VIEW PLOWING LLC	\$489.14
CELLCO PARTNERSHIP	\$489.03
MAJORITY ARMS LLC	\$487.73
ANIMAL AUSTINS TREE SERVICE	\$475.00
PETCO ANIMAL SUPPLIES STORES INC	\$460.00
D&M EXPRESS INC	\$417.08
RENTAL SERVICES LLC	\$413.36
PANHANDLE COMPUTER SERVICES	\$410.03
VERIZON WIRELESS NETWORK PROCUREMENT LP	\$382.21
NAAKEE DESIGNS	\$356.71
VISION ALASKA II LLC	\$326.88
EMERALD AUTO GLASS	\$275.36
JUNO PAYDAY LOANS LLC	\$274.43
NETFLIX	\$250.00
MUSIC SOURCE LLC	\$227.90
SOB GRINDS LLC	\$203.66
XIA MUSIC STUDIO	\$191.31
XEROX CORPORATION	\$180.98
GLACIER SWEETS	\$177.88
K9 TAILS ON TRAILS	\$176.06
CH LOGISTICS LLC	\$163.80
SOFIES SWEETS	\$135.80
Total	\$281,106.49

Inactive Businesses

The following businesses have closed their accounts with the City and Borough of Juneau (CBJ). However, sales tax still remains due. CBJ is pursuing collection and legal action against these businesses. The Sales Tax Office welcomes any information that will assist in enforcement and compliance.

UDDER CULTURE FEATURING AURORA SWEETS	\$19,149.31
APK STORE LLC	\$3,680.97
PC TECHS R US	\$1,083.18
AMAZON CONSTRUCTION LLC	\$1,083.01
TAKU GRAPHICS LLC	\$100.01
Total	\$25,096.48

The following businesses have been forwarded to the CBJ Law Department for further collections actions.

WILLIES MARINE INC	\$103,432.27
RAINFOREST FARMS LLC	\$42,158.76
LAW OFFICE OF ELIZABETH ZIEGLER	\$40,585.42
NORTHERN EXPOSURES DIGITAL LLC	\$24,069.04
HAIENADANGLE LLC	\$24,057.70
LANDMARK DEVELOPMENT LLC	\$20,769.62
GILES' ALASKA MUSIC ONE	\$20,620.46
ISG INC	\$20,529.45
60 DEGREES	\$8,148.54
WINGNUT AUTO SALON LLC	\$7,633.63
Total	\$312,004.89

The following businesses have failed to comply with their judgment's repayment plan (Confession of Judgment with a Repayment Stipulation). The Revenue Collection Office welcomes any information that will assist in enforcement.

WOOLY MAMMOTH CR CASE	\$189,308.50
WILLIE'S MARINE INC	\$119,073.77
CANTON HOUSE, LLC	\$80,600.60
RAINFOREST FARMS, LLC & WCC, INC, d.b.a. GREEN LEAF ALASKA	\$80,404.43
ROYAL MAJESTY INC	\$72,648.71
ALASKA UNLIMITED REALTY LLC	\$50,594.79
SHRI KRISHNA LTD., INC.	\$46,694.96
THANE ORE HOUSE	\$44,916.22
SERENDIPITY LLC	\$39,783.71
ALASKA HEARTH PRODUCTS, LLC	\$36,644.58
GOLD IN QUARTZ	\$36,205.61
JOHN RICE ATTORNEY AT LAW	\$35,434.51
SKAGWAY JEWELRY COMPANY LLC	\$33,595.06
YOUR FENCE PROFESSIONAL	\$30,475.04
JEWELS BY KRIS LLC	\$23,305.73
KAPPLER COMPUTERS	\$19,125.85
DOWNTOWN TESORO	\$15,458.59
GREENEY ENTERPRISES	\$15,077.35
ABBY'S KITCHEN, LLC	\$15,044.01
RICKS CAFE	\$12,912.72

MAJESTIC GEMS LLC	\$10,443.60
RED SPRUCE AK, LLC	\$10,058.70
ARTISAN SOUTHEAST LLC	\$9,389.75
TOTEMIC TREASURES	\$7,845.68
SALON DOLCE	\$6,223.33
MEMELUCK FURS	\$6,049.40
SKEINS FINE YARNS	\$5,435.27
LAW OFFICE OF ELIZABETH ZIEGLER	\$3,181.03
RLS INC	\$1,467.04
Total	\$1,057,398.54

NONFILERS

The City and Borough of Juneau (CBJ) sales tax ordinance 69.05.070(a) states that every person making sales, rentals, or performing services within the city and borough shall complete a return for the required filing period setting forth the total amount of all sales, rentals, and services, regardless of whether such transactions are taxable or nontaxable.

These merchants have failed to respond to requests to file sales tax returns. Under CBJ sales tax ordinance 69.05.100(a) noncompliance with these requests to file may result in the Revenue Officer making an assessment based on an estimate.

BUSINESS NAME

- | | |
|--------------------------------|--------------------------------|
| 6M INC | ANDYS FLOORS AND MORE LLC |
| A GLACIER WALK BED & BREAKFAST | ANGEL WESTON DISH DASH DRIVER |
| ACCESSLINE COMMUNICATIONS | ANIMAL AUSTINS TREE SERVICE |
| ADELINE VIOLAS | APPRAISE ALASKA |
| ADVANCED OIL CHANGE | ARCHIPELAGO LAND PROFESSIONALS |
| ADVENTURE BOUND ALASKA | LLC |
| AK REI Group LLC | ARTS FOR YOUTH INC THE |
| AK VACATION RENTALS | ASHLEIGH EWING |
| AKMOBILEAUTOTECH | ASLAN |
| ALASKA EXPRESS PERMITS LLC | ATTA BOY CONSTRUCTION LLC |
| ALASKA GLAZING INC | ATTENTION 2 DETAIL |
| ALASKA LANDSCAPING SERVICES | AURORA ESSENCES |
| ALASKA MAGICK | AURORA PROJEKT |
| ALASKA RESTAURANT SUPPLY INC | AWN TOWER COMPANY LLC |
| ALASKA SOUTHEAST ELEVATOR LLC | B&P SPORTS WEAR |
| ALASKA SPORTS TV | B&R ALASKA |
| ALASKA UNLIMITED REALTY LLC | BACKCOUNTRY RELIEF |
| ALASKA VIBES LLC | BAYSHORE LANDSCAPING & |
| ALASKA WOODEN SPOON COMPANY | STONERWORKS |
| ALASKAN BUSINESSES LLC | BEAUTY BAR |
| ALASKAN FISH N TRIPS INC | BELARDI & SONS CONSTRUCTION |
| ALASKAN HOME | BELLALUNA LLC |
| ALASKAN WOMENS COLLECTIVE | BENTZ B&B |
| ALPHA GENOMIX LABORATORIES INC | BIG A AUTOMOTIVE |
| ALPINE CONSTRUCTION ENT LLC | BIG COUNTRY SERVICES |
| ALSTOM RENEWABLE US LLC | BIG E CONSTRUCTION |
| AMIGOS AUTO SALES | BIG JIMS CHARTERS LLC |
| AMPLE IT SOLUTIONS LLC | BLACK WOLF PHOTOGRAPHY |
| AMPP GLOBAL CENTER INC | BLANC DE BLANC PROPERTIES |

BOOTLEGGER SECURITY SERVICES, LLC
 BOWMAN TAMI PIANO INSTRUCTOR
 BRAIDS BY SHEVONDA
 BRAVA LLC
 BROWN SUGAR LLC
 BULLDOGG PLOWING AND SANDING
 LLC
 BUN DADDY
 C T CORPORATION SYSTEM
 CAMCO RENTAL
 CAMERON PLUMBING & HEATING
 SUPPLY LLC
 CAPITAL CITY AGGRESSIVE RECYCLE
 AND REMODEL
 CAPITAL HOME INSPECTIONS
 CAPITAL TITLE AND ESCROW LLC
 CAPITAL TOWING LLC
 CAPITOL CITY COATINGS
 CARVER MARINE SERVICES
 CCAP AUTO LEASE LTD
 CECILES TOURS AND TRANSFERS
 CEED ENTERPRISES LLC
 CENTER FOR COMMUNITY INC
 CENTER FOR SYSTEMATIC THERAPY &
 RESEARCH SERVICES
 CH LOGISTICS LLC
 CHANGE AND INNOVATION AGENCY
 LLC
 CHEROKEE VALLEY CONSTRUCTION
 CHRISTEN'S HOUSE CLEANING & HOUSE
 SITTING
 CLAUSEN TRUCKING
 COLLECTIVE CHANGE LLC
 CONTRACTASaurus
 CONVERGENCE CONSULTING
 COOL SPOTS TOURISM SERVICES
 CRYSTAL CRUISES LLC
 CRYSTAL CRUISES LLC
 CURATED CUTTINGS
 D & Z NAILS
 D&M JEWELRY REPAIR & DESIGN
 DANGGAD
 DAREN OSTLIE
 DATA ENTRY COMPANY
 DAVIE & DALLAS PRODUCTIONS LLC
 DC LLC
 DC TRUCKING
 DECISIONONE CORPORATION
 DECK HANDS MARINE
 DECKHANDS MARINE LLC
 DELL EQUIPMENT FUNDING LP
 DELL MARKETING LP
 DEREK CALLENDER
 DEREKS HANDCRAFTED CALLS
 DEVELOP ALASKA
 DISASTER MANAGEMENT SOLUTIONS
 DISCOVER 24/7
 DJ'S FREEZE DRIED SWEETS
 DMC MINING SERVICES CORP
 DOLPHIN TOURS LLC
 DOUBLE C LAWN SERVICE
 DOUGLAS ISLAND CABINS LLC
 DOUGLAS ISLAND CONSTRUCTION
 SERVICES
 DOUGLAS ISLAND DEVELOPMENT LLC
 DREAM GREEN CLEANING AND
 LANDSCAPE LLC
 DUPONT DOGS
 E & H LLC
 EAGLE VIEW SERVICES
 EBNER BUILDING
 ECV CONSULTING
 EL CHINGON
 EL SOM INCORPORATED
 ELISSA PET PRO
 ELLENBECKER JOHN R DDS
 ELLIES ORGANIC GOODS
 EMBRACE BEAUTY
 EMPRESS MENTALITY
 EPIC ADVENTURES AND LOGISTICS
 EQUIFAX WORKFORCE SOLUTIONS LLC
 ERIK SCHOLL
 EVERYBODYS TREE SERVICE
 EVONNE REESE
 EXPERT JANITORIAL LLC
 EXTANT PERCH, THE
 F/V BIG DEAL
 F/V CAROL W
 F/V DIAL WEST
 F/V LADY LOUISE
 F/V RELENTLESS
 FABULOUS CLEANING
 FAIRWINDS CONSULTING LLC
 FAMILY TREE
 FEEL REEL FILMS
 FIRENATION
 FIREWEED CONSTRUCTION
 FOURTH COAST LLC
 FRESH CLEANING SERVICE
 FRONTIER SERVICES LLC
 GALLAGHER RENOVATION
 GARFIELD FRIED BREAD
 GCB SPECIALTY CONTRACTORS
 GCN HOLDING LLC
 GLACIER GARDENS RAINFOREST
 ADVENTURES LLC
 GLACIER PACK STUDIO
 GOLD CANYON INTERNATIONAL LLC
 GOLD CREEK CAFE
 GRAMMA'S TLC
 GRANT PAUL H
 GRAYCO, LLC

GREEN CLEANING TEAM, THE
GREEN HAMMER SERVICES
GREENSTONE COLLECTION POTTERY
AND CRAFTS
GREGG L W
GROUND TRANSPORT SOLUTIONS INC
GRUMPYS DELI & MY WIFES JUICE BAR
HAIENADANGLE LLC
HAIR BY MCKAYLA H SP
HAIR BY TERRA
HA-KALA-CO INC
HALAU HULA O OLILI ULA
HDL ENGINEERING CONSULTANTS LLC
HEADLINES
HEALING CURRENTS
HIGH TIDE TATTOO
HIGHER IMAGE MANAGEMENT
HONEY CLEAN
HONSINGER SHEPHERDS
HUBCLUB LLC
HUMAN EXERCISE RESEARCH ORG, LLC
IDEAL OPTION PLLC
IDEMIA IDENTITY & SECURITY USA LLC
INSIDE PASSAGE INTEGRATED
CONTROL SYSTEMS
INSIDE PASSAGE OUTFITTERS
IRIS JUNIPER EVENTS PLANNER
IRON ROOTS STRENGTH ACADEMY
IT DECISION & SUPPORT SVSC
ITW FOOD EQUIPMENT GROUP LLC
JACKSON MISCHA P
JACKSON SERVICES
JAKE BEIMLER
JASMINE DIAMOND CO LLC
JESSICA TREVINO
JESSICA WILLIAMS-KOWALCIK
JOHN C WYNNE
JOHN HANLON
JOJO'S ROOFING
JOSTENS CAMPUS PHOTOGRAPHY SE
JUMPP INTEGRATED PEDIATRIC
HEALTH CORP
JUNEAU ADVENTURES
JUNEAU AIRBNB LLC
JUNEAU BNB LLC
JUNEAU COURIER INC
JUNEAU DOUGLAS ICE ASSOCIATION
JUNEAU I LLC
JUNEAU LANDSCAPE SERVICES LLC
JUNEAU ROLLERGIRLS INC
JUNEAU USBC
JUNEAU WEALTH MANAGEMENT LLC
JUNEAU WEAR
JUNEAU WHALE TALES
JUNO PARTY ANIMALS
JVM TUPOU JANITORIAL

KAAWU OYSTER COMPANY
KAYA MOUNTAIN CONSTRUCTION LLC
KELLER WILLIAMS THE ALASKA GROUP
KEYS OF ENCOURAGEMENT PIANO
TEACHING
KIKOS INC
KINGFISHER SERVICES LLC
KRAFTED AK
KRISST CUSTOM AUTO REPAIR
KRK WORLDWIDE LLC
KSTAR ENTERPRISES
LABOR 1
LAKESIDE PROPERTY
LANDMARK DEVELOPMENT LLC
LANORA ANN
LAW OFFICE OF ELIZABETH ZIEGLER
LAW OFFICE OF JEFFERY TROUTT, LLC
LAW OFFICE OF MARCUS L ROGERS
LAYERS OF ALASKA LLC
LEONARD & EDNA SACCHEUS
LICKETY SPLIT LOGISTICS INC
LIGHT ALASKA
LILAC PLACE
LILY HOPE LLC
LOBAUGH CONSTRUCTION
LOCAL GUY CHARTERS & SIGHTSEEING
LLC
LOGAN ROPER
LONGABERGER COMPANY, THE
LORENZOS GENERAL CONTRACTOR LLC
LOUISE MARCIGAN ARTS & CRAFTS
LOVE IN EVERY FIBER
LUCILLES ENTERPRISE INC
MACKKEY ENTERPRISES LLC
MAGELLAN SWEET RETREAT LLC
MAGIC NAIL SPA
MARIE KATHLEEN PHOTOGRPAHY
MARIS MARINES CLEANER
MCKINLEY FIRE PROTECTION LLC
MD CONSTRUCTORS
MEMORY BOX PHOTOGRAPHY
MIAH LAGER
MIKES TREE SERVICE AND
LANDSCAPING
MILES CONTRACTING LLC
MISTY SAVAGE LMT, LLC
MK DIAMOND BOUTIQUE INC
MOE'S HEALTHCARE PRODUCTS
MOTHERS MILK UNLIMITED
MOUNTAIN FLOUR
MOUNTAIN STRONG CONSTRUCTION
MY WILD LIFE PHOTOGRAPHY
NAIL BAR
NATURAL ARTIST ENTERPRIZE
NEST AK LLC
NORTH STAR ROASTERY

NORTHERN LIGHTS ANTIQUES &
 TREASURES LLC
 NR & RE LLC
 NYT INC
 NZM LABS LLC
 ORCA ENTERPRISES LLC
 OREGON ALASKA BOOKKEEPING
 SERVICE
 ORIGAMI OWL LLC
 PACIFIC PATHWAYS
 PACIFIC PROPERTY SOLUTIONS INC.
 PANHANDLE COMPUTER SERVICES
 PANHANDLE POWERBOATS LLC
 PANHANDLE PRODUCE LLC
 PAPA MURPHYS INTERNATIONAL LLC
 PARKER ASHBAUGH PHOTOGRAPHY
 PARTYLITE GIFTS, INC.
 PAVITT CONSTRUCTION LLC
 PAWS-ON GROOMS
 PEDICAB CHRIS
 PELICAN LANDING FISHERIES
 PERFORMANCE LITERACY
 PICEA ENVIRONMENTAL CONSULTING
 AND WRITING
 PK2M LLC
 PLECOS WORLDWIDE
 PRINTS & NOTES
 PRIORITY HEALTHCARE LLC
 PROFESSIONAL RESTORATION
 PROTEALES MOOD JEWELRY
 PUMP HOUSE PHOTOGRAPHY
 QUEEN BEES HOUSE CLEANING
 SERVICES
 QUEEN FONDA LIMITED LLC
 QUICK CLEAN UP
 R P PRODUCTS INC
 RAIN COUNTRY INC
 RAIN OR SHINE LAWN CARE
 RAINBOW DESIGNS
 RAINFOREST WRITING
 RAPID IMPACT CONSULTING SERVICES
 LLC
 RASMUSSEN ENGINEERING AND
 DEVELOPMENT COMPANY
 RAVENS CREATIONS
 RE FRIED NANOS GRILL
 READY MANAGEMENT, INC
 REAL ESTATE SERVICES INC
 RED STEEL STRUCTURES
 REKLAW BUILDERS
 RELIABLE COMFORT INSULATION LLP
 RICKSHAW REEF
 RIGHT HAND MARKETING
 RKS CONSTRUCTION
 ROADRUNNER FENCE COMPANY INC
 ROCKFISH GAMING

ROCKY RIVER STAMPS
 ROSS COMPANY
 ROWDY DOG MEDIA
 ROYAL GEMS
 RPM QUALITY BUILDERS
 RUBY ROUSER
 RUNES AND RELICS
 S A M
 SALMON WITCHES BRITCHES
 SALON ANAHATA
 SALON EDGE
 SCHUON SERVICES LLC
 SCOFFLAW ENTERTAINMENT LLC
 SCORPION EQUITY LLC
 SCUBA TANK THE
 SE AK GAY AND LESBIAN ALLIANCE
 SE MONITORING AND COMPLIANCE
 SERVICES LLC
 SEA AND MOUNTAIN MECHANICAL
 SEABORN PHOTOGRAPHY
 SECOND GROWTH HOMES LLC
 SEESHELLS MACRAME
 SENTINEL COFFEE AND TEA
 SHARA KAY TATTOO
 SHAWN BETHERS MAINTENANCE
 SHELLY MAZON
 SHOOTINGSTAR SCHOLARS
 SIETE MARES
 SILVER GLASS LUST
 SILVER TIP SEAFOODS
 SIMPLE PLEASURES
 SKITARA
 SKYLAND PROPERTIES LLC
 SLICK RICS BBQ
 SMALL FRY
 SMILEYS KETTLE CORN
 SOB GRINDS LLC
 SOFIES SWEETS
 SOOTER PROPERTIES LLC
 SOUL SHINE MASSAGE THERAPY
 SOULFEYEND LEGACIES LLC
 SOUTHEAST ALASKA ORGANIZATION
 FOR ANIMALS
 SOUTHEAST TREE SERVES LLC
 SOUTHEAST UROLOGY LLC
 SPARKLE JUNEAU HOUSEKEEPING
 STIXRUD ENTERPRISES. LLC
 STOKED BEEKEEPING CO
 SUGAR BEAR ALASKAN TREASURES
 SUGARBEAR ALASKAN TREASURES
 SWEETS AND TREATS BY BEKA
 TACOS ME RANCHITO
 TAFY DANCE ALASKA LLC
 TAKU RIVER SPORTSMENS ASSOC
 TAYLOR CONTRACTING
 TE SERVICES

TFW CONSTRUCTION
THE TINY TRUCK STUDIO
THS LLC
TIANNA BANUA
TLC TRACY LOVES CLEANING
TOM MATHESON CARPENTRY
TRAVEL BY ADI; ALASKA & YUKON
TOURS
TREE FELLER, THE
TROUBLED RAVEN
TUPOU ENTERPRISES
TURNAGAIN HORTICULTURE COMPANY
TWIN TOWERS TRADING INC
UNINU LLC
VANTIV INTEGRATED PAYMENTS LLC
VCONTEXT CONSULTING
VICTORY IS MINE LANDSCAPING
VINTAGELOVELIES
VP GENERAL CONSTRUCTION LLC
WASH ME MOBILE DETAILING
WEEKEND WARRIOR
WHALE WATCH ALASKA
WHITE RABBIT COURIER
WIAH ART
WILD ALASKAN HALIBUT INC
WILLOW & LUNA
WINCHESTER ROOFING
WINDFALL FARM
WOOSH KINADEIYI INC
WORD OF MOUTH SOAP
WW KNITS
WYLDFISH
XPRESS RETAIL LLC
YANCEY NILSEN
YEIL CRUSING ADVENTIRES
ZACHARY BURKHART DISH DASH/UBER
DRIVER
ZENHEN LLC

MEMORANDUM



DATE: June 7, 2023
TO: Assembly Finance Committee
FROM: Jeff Rogers, Finance Director
SUBJECT: Wildflower Court – Waiver of Required Rate Study

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

The Finance Department has received from Wildflower Court a request to waive a rate study required by the bond covenants.

In brief, Wildflower Court violated a bond covenant in 2022 that requires it to have a debt service ratio of 1.15. Wildflower Court did not maintain that required debt service ratio, which puts them into technical default. Per the bond covenant, this technical default triggers the requirement of a rate study consultation. Such a rate study consultation is intended to help the borrower shore up business revenues to avoid an actual default in the future. The rate study consultation insulates the bondholders—as well as CBJ and the Alaska Municipal Bond Bank Authority (AMBBA)—from financial risk.

This is the second year in a row that Wildflower Court has violated the debt service ratio and has requested a waiver of the required rate study consultation. Both CBJ and AMBBA waived the requirement last year.

The Assembly has authorized Bartlett Regional Hospital to acquire the assets and business operations of Wildflower Court. As part of that acquisition, the entirety of this bond will be paid off, and the required rate study consultation would become moot.

I recommend that the Assembly do nothing with the current waiver request. If the bond is paid off when Bartlett acquires Wildflower Court, then no further action will be necessary. However, if the acquisition is not successful and the bond is not fully retired, then I recommend that the Assembly revisit this issue. In that event, I would recommend that the Assembly require Wildflower Court to engage in a rate study consultation to limit financial risk to CBJ.



Dedicated to Excellence

Memo

To: CBJ and AMBBA

From: Robert Rang, Administrator/CEO, and Anne Thibodeau, CFO

Date: March 29, 2023

Re: Bond Covenant Waiver

Jeff Rogers and Ryan Williams,

As representatives of Wildflower Court, we would like consideration for a waiver of the consultation requirements based on our 2022 projected debt ratio. According to our debt service agreement, Wildflower Court must have a debt service ratio of 1:1.15; for 2022, our ratio is less than 1:1, which puts us in technical default. Even though we are in technical default for 2022, all required payments are current, and we anticipate that all the necessary payments for 2023 will be as well. In addition, our cash on hand is above 30 days as required by the covenant.

There are many contributing factors to such a low debt service ratio. The most significant reason is the continued pandemic-related staffing crisis. We were unable to operate at full capacity due to the staffing shortages. Also, we continued to utilize traveling staff with a significant cost associated with their services.

Responding to the staff shortage, in September 2021, we temporarily closed one of our four units to consolidate staff intentionally keeping additional direct care staff in anticipation of reopening the unit at optimal safe staffing levels. In 2022, both the high cost of traveling staff and lack of available direct hires kept our staffing at 2021 levels. As such, we were unable to reopen the closed unit as anticipated keeping our census levels below normal. Wildflower Court revenue is driven predominantly by the census, this had an enormous effect on our year-end financials again in 2022, evidenced by our debt service ratio.

To address the issue in 2021, we partnered with Bartlett Regional Hospital to participate in the Earn-to-Learn program where we train our existing staff to become CNAs. This partnership while helpful, did not fully address our staffing shortages. We continued to rely on traveling

staff throughout 2022 even though we were actively recruiting full-time employees to fill the shortage.

To bring us out of technical default to our bond covenant, we attempted to increase our census by filling vacant rooms in the unit that has been partially reopened, reducing traveling staff as much as possible, delaying capital purchases, combining job positions, and actively hiring direct care staff. We were unsuccessful in reducing traveling staff instead are relying on them more heavily. Also, our average census in 2022 was 47 which was a decrease from the 2021 average of 52. The decrease was due to staffing levels, attrition of long-term residents, and a lack of qualified long-term admissions.

We applied for exceptional relief monies through the State that would provide additional revenue through an increase in our daily Medicaid rate and would assist in bringing us into compliance. Our request was initially denied, but with additional information provided was granted. Our daily rate was increased effective December 5, 2022, too late to help with our revenue for FY22. We also requested a lump sum exceptional relief payment which was granted and received in FY23, while valuable not in time to help with FY22.

In November, Wildflower Court initiated steps to potentially merge with another entity in Juneau anticipating continued revenue shortfalls. The Wildflower Court Board of Directors ultimately chose to merge with Bartlett Regional Hospital to ensure that Juneau would still have access to local sub-acute rehabilitation and long-term care services. The merger process is ongoing with weekly meetings between executive staff, Board members, and legal counsel for BRH and WFC as well as CBJ legal counsel. The final merger date is yet to be determined.

We appreciate the consideration. We fully understand what this means for our stakeholders and are working to ensure Wildflower Court can continue to provide a necessary service to the community. If you require any further clarifications or need any additional information, please let us know. Again, thank you for your time, and we look forward to hearing from you.

Sincerely,



Robert Rang
Interim Administrator
Wildflower Court