



ASSEMBLY FINANCE COMMITTEE AGENDA

January 08, 2025 at 5:30 PM

Assembly Chambers/Zoom Webinar

<https://juneau.zoom.us/j/93917915176> or 1-253-215-8782 Webinar ID: 939 1791 5176

A. CALL TO ORDER

B. ROLL CALL

C. APPROVAL OF MINUTES

1. November 6, 2024

D. AGENDA TOPICS

2. BRH CIP Ordinance for Emergency Department Addition

Ordinance 2024-01(b)(I)

3. Assembly Goals

4. Legislative Capital Priorities

5. Dockage Fees

6. Assessment Ordinance - Update to SB179

Ordinance 2025-09

7. Juneau Economic Development Council Grant

Ordinance 2024-01(b)(AC)

8. Potential Bond Projects

E. EXECUTIVE SESSION

9. Discussion on Collective Bargaining.

The City Manager recommends the Assembly recess into executive session to discuss an update to collective bargaining negotiations, the immediate knowledge of which would adversely affect the finances of the municipality.

Suggested Motion: *I move that the Assembly enter into Executive Session to discuss collective bargaining negotiations, the immediate knowledge of which would adversely affect the finances of the municipality and ask for unanimous consent.*

F. NEXT MEETING DATE

10. February 5, 2025

G. SUPPLEMENTAL MATERIALS

11. Bartlett Regional Hospital Emergency Department Renovation Memorandum

12. Updated Dockage and Capacity

H. 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, e-mail: city.clerk@juneau.gov.

ASSEMBLY FINANCE COMMITTEE MINUTES

November 6, 2024, at 5:30 PM
Assembly Chambers/Zoom Webinar



<https://juneau.zoom.us/j/93917915176> or 1-253-215-8782 Webinar ID: 939 1791 5176

A. CALL TO ORDER

The meeting was called to order at 5:30 pm by Chair Christine Woll.

B. ROLL CALL

Committee Members Present: Chair Christine Woll; Greg Smith; Paul Kelly; Maureen Hall; Neil Steinger; Ella Adkison; Alicia Hughes-Skandijs; Wade Bryson

Committee Members Present Virtually: None

Committee Members Absent: Mayor Beth Weldon

Staff Members Present: Robert Barr, Deputy City Manager; Angie Flick, Finance Director; Adrien Wendel, Budget Manager; Nicole Lynch, City Attorney; Denise Koch, Engineering and Public Works Director; Brian McGuire, Utilities Superintendent

Staff Members Absent: Katie Koester, City Manager

Others Present: Ryan Kauzlarich, Gastineau Human Services (GHS) Finance and Admin Director; Jonathan Swinton, GHS Executive Director; Fred Sweetski, GHS Behavioral Health Director; Paul Quinn, FCS Group Project Manager

C. APPROVAL OF MINUTES

1. September 18, 2024

The September 18, 2024 minutes were approved as presented.

D. AGENDA TOPICS

2. Gastineau Human Services

Ordinance 2024-01(b)(P)

Chair Woll invited members of Gastineau Human Services (GHS) to speak on the topic of the GHS Residential Substance Use Treatment program. The three members present introduced themselves as Ryan Kauzlarich (GHS Finance and Administrative Director), Jonathan Swinton (GHS Executive Director), and Fred Sweetski (GHS Behavioral Health Director).

Mr. Swinton stated that eight additional beds had recently been added to the treatment program, bringing the total operating beds to 27. He expressed gratitude for the support from the Assembly in achieving this goal. He asked assemblymembers if they had questions for the GHS members.

Assemblymember Smith asked if the program was generating enough revenue to cover the costs it took to build out the program.

Mr. Kauzlarich replied that the original nineteen beds were covered by revenue from Medicaid. He shared that Medicaid billing does not cover all personnel and operating costs. He stated that \$620,000 of grant revenue has helped to cover the rest of the cost of these nineteen beds but that the additional eight beds had brought in added cost that still needed to be covered.

Mr. Kauzlarich shared that the Department of Corrections (DOC) had decided to renegotiate the contract for the GHS Community Residential Care (CRC) program which supplies security staff to help run their treatment program. He stated that if the DOC decided to cut funding for the program, that would be a loss of \$1.2 million for security staff that GHS would have to find funding for.

Mr. Swinton added that some minor remodeling will be needed for a few offices to improve the working situation, as their staff is currently sharing office space in a less than ideal situation. He stated that this cost was a part of the funding ask to Assembly, in addition to the eight extra beds.

Assemblymember Bryson stated that he had heard of other programs not receiving enough Medicaid reimbursement because the reimbursement rate did not cover live-in substance abuse treatment. He asked what other organizations around the country were doing to face this challenge.

Mr. Kauzlarich responded that the best way to face this challenge was to get the State to increase the reimbursement rate for Medicaid.

Mr. Sweetski added that there was a rise in closures of other programs due to this challenge and that the State of Alaska had seen ten similar programs close in the last three years. He shared that some of these closures were due to lack of funding and some were due to a lack of staff.

Assemblymember Hughes-Skandijs asked if the DOC CRC program renegotiation was expected or not.

Mr. Swinton replied that this contract renegotiation was very unexpected. He stated that the program was on a five-year cycle which renewed last December but DOC recently informed GHS that they wanted to renegotiate to lower the funding amount. He stated that GHS did expect that program to see a significant drop in funding from a result of the renegotiation.

Motion: by Assemblymember Smith to move Ordinance 2024-01(b)(P) to the Full Assembly and ask for unanimous consent.

Motion passed by unanimous consent.

3. Sales Tax Code Revisions

Angie Flick, Finance Director, pointed the Committee to the memo on page thirteen of the packet. She stated that the Alaska Remote Sellers Sales Tax Commission (ARSSTC) collects about \$4.5 million for CBJ every year. She explained that Ordinance 2024-36 aligns CBJ code with those changes made by the ARSSTC. She shared that staff from the Treasury division and Law department participated in the refinement of the code and the ordinance should be considered a housekeeping item.

Ms. Flick described Ordinance 2024-37 as seeking to accomplish two goals. The first goal being the addition of several definitions to help provide clarification to merchants and CBJ staff on some of the areas where the code might be too broad. The other goal of the ordinance was to introduce the concept of an itinerant business. This would mean businesses who come to Juneau once a year for a special event could setup a temporary sales tax ID, instead of having to setup and maintain a full account with the Sales Tax Office.

Assemblymember Bryson asked if Staff knew the number of businesses that would qualify as an itinerant business.

Ms. Flick stated that out of the businesses that only come to Juneau to do business for special events, around 500 of these registered merchants weren't actively filing. She shared that while some of these businesses would likely be considered itinerant under this new definition, it would be difficult to identify the exact number.

Assemblymember Steininger asked Staff if CBJ conducts outreach to the organizers of these annual events to ensure that vendors are informed of the sales tax rules.

Ms. Flick replied that CBJ does currently work with the organizers and conducts outreach to the participating vendors.

Motion: by Assemblymember Smith to move that the Assembly introduce and set for public hearing Ordinance 2024-36 and ask for unanimous consent.

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

Assemblymember Kelly mentioned that there might be a need for a correction to the effective date of the ordinance. He explained that because the effective date was January 1, 2025 and a 30 day-notice for ordinances was required, the scheduled decision in December might create a conflict with that requirement. He asked that if the motion were to pass, would it be introduced with a revised effective date.

Nicole Lynch, City Attorney, explained that the ordinance would go into effect 30 days after the ordinance was introduced and that there was no need to change the language or the effective date in the ordinance.

Assemblymember Kelly removed his objection.

Motion passed by unanimous consent.

Motion: by Assemblymember Smith to move that the Assembly introduce and set for public hearing Ordinance 2024-37 and ask for unanimous consent.

Motion passed by unanimous consent.

4. Bond Refundings

Ms. Flick explained that the concept of bond refunding, in the memo on page 48 of the packet, could be thought of as bond refinancing. She explained that generally when a larger bond is issued, it's made up of smaller bonds. She stated that in working with municipal advisors Staff had identified a handful of these smaller bonds that were eligible to be refinanced. She stated that this would result in a savings of about \$700,000 over the life of the bonds. She explained that in order to make this happen, an ordinance would

need to be approved by the Assembly with language expressing their intent while also addressing interest rates and other specific details.

Assemblymember Bryson asked how long the lifetimes of the bonds were that could see a \$700,000 savings if they were refinanced.

Ms. Flick replied that she believed that time-period was between ten to twelve years.

Motion: by Assemblymember Smith to move to introduce and set for public hearing the attached draft ordinance authorizing refundings of 2013 and 2014 bond issuances and ask for unanimous consent.

Motion passed by unanimous consent.

5. Information Only

Assembly Grant Process

Ms. Flick pointed the Committee to the memo on page 58 of the packet. She stated that earlier this year the Committee had reviewed the Assembly Community Grant process and identified a certain number of partner agencies that the Assembly regularly grants funds to. She explained that through this process the Committee had omitted the Small Business Development group as a partner agency. She stated that it was Staff's intent to be deliberate in including them as a partner agency in the upcoming budget cycle.

Ms. Flick stated that the feedback of the previous budget cycle showed that improvements could be made by providing better information to organizations on how the Assembly Grant request process works. She stated that there was also a request to involve Staff more in the process to make sure items were provided in Committee packets at the right time and grouped together.

Ms. Flick directed the Body to page 59 of the packet which shows a flow chart for partner agencies that outlines the steps of the process. She explained that the flow chart on page 60 was designed for community organizations and a couple extra process steps were added. She stated that it was Staff's intent, with the Assembly's approval, to publish both flow charts on the Assembly Grants webpage so they could be easily accessed.

Chair Woll added that this process had been refined from past budget cycles with the goal of being more transparent with the public and making sure all organizations had an opportunity to be involved. She stated that, as assemblymembers, it would be their job to go through the process of selecting opportunities that they really thought would have a shot of making it through the budget cycle.

Assemblymember Kelly suggested that an improvement could be made in the process to help organizations find a sponsor.

Chair Woll stated that this could be improved by encouraging organizations to email the full Assembly with their request if they hadn't already identified an Assemblymember willing to sponsor them.

Assemblymember Bryson mentioned that another improvement would be for Staff to provide organizations with a packet that outlines what required information would be necessary to formally submit a request to an assemblymember, so that requests would be uniform in structure.

Chair Woll added that another improvement would be that, once an assemblymember agreed to sponsor an organization, Staff would be responsible for clearly communicating with them the next steps of the process.

Assemblymember Hall asked if there was a way to see a list of organizations who requested Assembly Grant funding in the past, but who weren't listed on the Assembly Grant's webpage because they were not awarded a grant.

Ms. Flick replied that she would look into retrieving a list of those organizations.

Utility Rates

Denise Koch, Engineering and Public Works Director, stated that City drinking water and sewer system infrastructure is considered to be critical infrastructure. She stressed the importance of discussing the robust systems behind the infrastructure when discussing difficult topics such as rate increases. She stated that the Utility Advisory Board supports the decision for future utility rate increases.

Ms. Koch stated that after determining that the utility rate increase need would be significant, CBJ Engineering and Public Works reached out to outside expertise for help in determining precise details of the actual need. FCS Group was chosen to help in this effort. They participated in the 2014 Utility Rate Study and have experience in assisting CBJ in past efforts. She stressed the importance of bringing all of the information to the community at a public meeting but that she wanted to make sure to answer all of the Assembly's questions before a general public meeting would take place.

Brian McGuire, Utilities Superintendent, directed the Committee to the presentation starting on page 65 of the packet, which describes the scale of the drinking water and sewer system infrastructure and outlines the work that's been completed on the infrastructure in the last year.

Mr. McGuire stated that three wastewater treatment and collection plants in Juneau were originally built in the 1970's. He detailed that for wastewater there were 140 miles of pipe, 45 sewer lift stations, and 7,100 service connections, bringing the original cost of the infrastructure to about \$109 million. He stated that the drinking water production and distribution system had two water sources and treatment facilities, six reservoirs, 175 miles of pipes, and 8,500 service connections, bringing the original cost of this infrastructure to \$113 million.

Mr. McGuire stated that Utility Rate increase periods were five years long and the next period would be Fiscal Year (FY) 26 to FY30. He explained that through an independent study it was determined back in 2023 that a ten to fifteen percent funding increase was needed each year during the five-year period.

Mr. McGuire discussed the history of how the need for rate increases came to be. He described the graphs on page 71 of the packet that shows two twenty-year periods of the infrastructure history. He explained that during the first twenty-year period (1984-2003) the infrastructure was fairly new, was mostly funded by Federal grants, and had been operating at a loss. The next twenty years saw the formation of the Utilities Advisory Board and an effort to begin rate increases to bring the operations out of negative operating territory. He mentioned inflation as another factor that has added pressure to the need for a rate increase, as shown on the graph on page 74 of the packet.

Mr. McGuire closed his presentation by stating that Engineering and Public Works was requesting to have public meetings as the next step, as well as guidance on funding options.

Assemblymember Bryson asked how the \$10 million water and wastewater infrastructure bond that was recently approved by the citizens of Juneau impacts this situation.

Mr. McGuire answered that it did help the situation but that those funds were not included in the remaining funding options that were to be discussed.

Paul Quinn, FCS Group Project Manager, introduced himself and presented on the findings of the water and wastewater rate study. He stated that these findings were previously presented to the Public Works and Facilities Committee in August. He directed the Body to the slide on page 84 of the packet. He mentioned that he was going to briefly touch on the past rate study and its results.

Mr. Quinn described the bar graph on page 85 of the packet which shows total forecasted rate revenue versus actual collected revenue in the last rate study, from FY14 to FY24. The graph shows that actual revenue collected was less than what was previously projected, a \$31 million deficit when combining water and wastewater revenue. He discussed the details of what goes into a rate study, including cash needs and resources for generating revenue. He stated that one option to generate cash was to turn to the debt markets to finance capital projects.

Mr. Quinn stressed the importance of taking a multi-year approach when forecasting. He discussed the details of the financial forecast key assumptions on page 87 of the packet. He stated that in a five-year period (FY26 to FY30) four to five percent inflation was assumed. He discussed the Capital Plan that was developed in partnership with DOWL and the utilities, which resulted in three alternative capital plans. This presentation would be discussing the smallest, most reduced of the three plans. He noted that under the reduced plan there was a risk to utility service but stated that Staff did feel comfortable moving forward with this plan at this time.

Mr. Quinn discussed the study results for water beginning on page 91 of the packet. The bar graph on this page shows the water operating obligations and existing debt projected out by each fiscal year up to FY30. Also shown is the revenue generated from the utilities and the results reveal a surplus in funds from revenue over operating costs that can be used toward the Water Capital Plan.

Mr. Quinn answered assemblymembers' questions about some of the projection and inflation numbers shown on the presentation slides.

Mr. Quinn stated that over the six-year period the results show an anticipated need of about \$25 million in capital projects. He shared that when looking at all of the capital needs that the utility required, ninety percent of those were being deferring outside of this window. The reduced plan represents the minimum level of capital spending the water utility needs over the six-year period. He discussed the details of two funding scenarios, one hundred percent cash funding through fund balance, rate increases, or through debt funding with State loans. He shared that the study results showed through the cash funding approached that the typical residential customer bill would be increased by \$4 to \$6 per month. Through the debt funding approach, the monthly bill impact was between \$3 to \$4 in additional cost.

Mr. Quinn discussed the study results for wastewater beginning on page 98 of the packet. He shared that unlike water where there was a gap between the revenue line and the graph bars for expenses, with wastewater there was no gap. He stated that it was projected by FY27 the operating expenses would be greater than the revenues collected. This shows a need for rate action to get those operating revenues above the operating expenses. He explained that the other important takeaway was that, unlike the water utility,

the wastewater utility was generating no cash flow on an ongoing basis to address or fund its Capital Program.

Mr. Quinn described four scenarios for sewer capital funding, two if the recent vote on the bond failed and two if the vote on the bond passed. He stated that if the bond passed then it would be possible to spread out the rate increases over a multi-year window instead of all up front. He went into more details of these scenarios and how they might have different ratios of the combined use of cash payments and State loans. He presented the rate survey on page 104 of the packet which compares current rates of different communities within Alaska. He stated that Juneau's water rates are some of the lowest in the area surveyed.

Assemblymember Steininger asked if the calculation in the data presented on page 98 of the packet just pertained to the portion of the proposed rate increases that were absolutely necessary to cover operations and maintenance.

Mr. Quinn confirmed this was correct and added that around a four percent rate increase per year was needed over the six-year window.

Mr. Quinn continued by stating that the next step for the FCS Group was to ask for direction from the Committee on which scenario to move forward with. He also asked the Body to provide their thoughts on whether or not a public meeting would be helpful and what the format of that meeting might look like. He asked the Committee if they had any questions about his presentation.

Assemblymember Kelly asked if the analysis presented included any assumptions on population growth or decline.

Mr. Quinn replied that the assumption was that the population growth of Juneau would be minimal over the six-year window.

Assemblymember Bryson asked if there was a technology that could be a part of a Capital Improvement Project that would allow Juneau to not have to ship PFAS containing dry biowaste out of the area.

Mr. McGuire stated that \$2 million was spent each year to ship dried biowaste out of the area. He explained that there were a few different technologies available that have been explored, including safe incineration.

Assemblymembers asked further questions.

Chair Woll asked Ms. Koch to describe the official decision points moving forward, who was making these decisions, and what the timeline looked like.

Ms. Koch stated that because the utility was public, the Assembly makes the decision on what the utility rate increases will ultimately be. She shared that verification from the expertise and objectivity of Mr. Quinn and FCS Group was highly desired by Engineering and Public Works. She described some detail of the process these groups had been going through in their collaboration.

Assemblymember Hughes-Skandijs expressed support for a public meeting that would discuss these same presented details, but in a condensed version. She stated that it would be helpful to the public to see these same financial options for water and wastewater laid out.

Assemblymember Kelly asked Ms. Koch what time period she envisioned the public meetings would be scheduled over and what those meetings might look like.

Ms. Koch replied that she felt it was important to have Mr. Quinn present at a single public meeting to explain the details of his analysis and, due to busy schedules, this meeting might not take place until early January 2025. She stated that the meeting would most likely start with a short presentation on the numbers and follow with a chance for the public to ask questions. She shared that she envisioned the analysis data printed out on physical mediums and organized throughout the room for members of the public to view.

Assemblymember Steininger expressed concern for the significant rate increase and the debt aspect of some of the funding options.

Assemblymember Bryson asked if there were other projects that could be looked at that would eventually reduce overall expenses for these utilities.

Chair Woll asked Ms. Koch if the feedback from the Committee had given enough direction to move forward with their next steps in planning the public meeting.

Ms. Koch answered that the direction from the Committee was very helpful. She shared that there would be follow up to some of the questions in tonight's meeting that were not answered.

E. NEXT MEETING DATE

5. January 8, 2025

G. ADJOURNMENT

The meeting was adjourned at 7:28 pm.



DATE: December 30, 2024
TO: Assembly Finance Committee
FROM: Angie Flick, Finance Director
SUBJECT: **BRH Emergency Department Addition CIP Ordinance**

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-5215

The purpose of this memo is to provide an overview of the history and attachments associated with the AFC Agenda Item “BRH Emergency Department Addition CIP Ordinance”.

This item has been included in the following meetings:

- July 23, 2024, Hospital Board meeting
- August 5, 2024, Public Works and Facilities Committee (PWFC)
- September 4, 2024, Assembly Finance Committee (AFC) along with other Bartlett Regional Hospital items including: Home Health, Hospice, and Rainforest Recovery.
- September 16, 2024, Assembly meeting, Ordinance 2024-01(b)(I) was introduced
- October 21, 2024, Assembly meeting, Ordinance 2024-01(b)(I)– referred back to AFC for discussion. This was item number 24 on the agenda, and discussion can be found starting at time stamp 3:35:02 of the meeting.

At the October 21, 2024, Assembly meeting, Ms Hughes-Skandijs made a motion to refer the ordinance back to AFC for a more thorough discussion of the project and request. Mr. Smith inquired if it would be heard at the November 6th AFC meeting. It was planned for that meeting, however since a Certificate of Need (CON) was not being issued as quickly as expected, the item was postponed.

The CON still has not been received. However, BRH Leadership has requested that this item be discussed at the January 8th AFC meeting.

These are the documents following this memo:

- Ordinance 2024-01(b)(I)
- Manager’s Report for Ordinance 2024-01(b)(I)
- Memo dated 8/5/24 from CBJ Chief Architect Rynne to PWFC Chair Bryson
- Memo dated 6/20/24 from CBJ Chief Architect Rynne to BRH Senior Leadership

Presented by: The Manager
Introduced: TBD
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2024-01(b)(I)

An Ordinance Appropriating \$8,900,000 to the Manager for the Bartlett Regional Hospital Emergency Department Addition Capital Improvement Project; Funding Provided by Hospital 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 \$8,900,000 for the Bartlett Regional Hospital Emergency Department Addition Capital Improvement Project (B55-087).

Section 3. Source of Funds

Hospital Funds \$ 8,900,000

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

Adopted this _____ day of _____, 2024.

Beth A. Weldon, Mayor

Attest:

Elizabeth J. McEwen, Municipal Clerk

Ordinance 2024-01(b)(I)
Manager's Report

An Ordinance Appropriating \$8,900,000 to the Manager for the Bartlett Regional Hospital Emergency Department Addition Capital Improvement Project; Funding Provided by Hospital Funds.

This ordinance would appropriate \$8.9 million of hospital funds for the Emergency Department Addition Capital Improvement Project. This appropriation is required to move the project forward to meet the desired spring 2025 construction start date. This funding is considered restricted until a Certificate of Need (CON) is obtained from the Alaska Department of Health, which is a requirement for renovation and new construction projects expected to exceed \$1.5 million. A determination by the Alaska Department of Health on the CON is expected in August 2024.

The Hospital Board approved this request at the July 23, 2024 meeting. The Public Works and Facilities Committee reviewed this request at the August 5, 2024 meeting.



DATE: August 5, 2024

TO: Wade Bryson, Chair
Public Works and Facilities Committee

THROUGH: Joe Wanner, Bartlett Regional Hospital Chief Financial Officer
Denise Koch, Engineering and Public Works Director

FROM: Jeanne Rynne, Chief Architect

SUBJECT: Appropriation Request from Bartlett Regional Hospital (BRH) Fund Balance to B55-087 BRH Restricted Emergency Department (ED) Addition

BRH requests an appropriation of \$8.9M from the BRH Fund Balance to B55-087 BRH Emergency Department Addition to move the project forward in a timely manner.

Background:

At the July 23, 2024, BRH Board of Directors (BOD) meeting, the Board approved moving forward with a request to appropriate \$8.9M from the BRH Fund Balance to the Emergency Department Addition and Renovation project.

CIP No.	Fund Source	Funds Available Today	Potential Funding Available
B55-083	BRH Emergency Depart. Addition - Ph 2		
	Reduced Scope	\$1,400,000	
	B55-083 Expenditures Phase 01 (cancelled)	\$739,965	
		\$660,035	
B55-087	RESTRICTED ED Addition	\$2,798,962	
	Denali Commission Grant Request		\$2,000,000
	Federal Request		\$4,000,000
	Total	\$3,458,997	\$6,000,000
	Phase 02 Total Project Cost	\$12,325,000	
	Amount Needed Today	\$8,866,000	
	Grand Projected Total Ph 01 & Phase 02	\$13,064,965	

Figure 1: Funding Summary and Timeline

Current project funding for the BRH ED Addition project is \$3.5M. Please see Figure 1. Of \$3.5M, \$660,000 is available to spend in CIP B55-083 BRH ED Addition. Additional funding of \$2.8M resides in CIP B55-087 BRH Restricted Emergency Department Addition. These funds will be available to spend once the Certificate of Need (CON) is approved by the Department of Health (DOH).

Projected total expenditures for the ED Addition through completion of construction are \$13.1M. BRH has been pursuing several avenues for additional funding that may address \$6M¹ of the \$8.9M needed. However the timing of the funding is fluid and not all potential commitments have been confirmed.

We are at a point in the project where current funding limits continued progress. [CBJ Procurement Code 9.13](#) requires that obligations must be made against appropriated funds. \$8.9M is needed to move the project forward now to meet the BRH desired spring 2025 construction start date.

In September of 2022, the Assembly approved use of the Construction Manager at Risk (CMAR) procurement method for this project ([Ordinance 2022-51\(am\)](#)). Responses have been received for the first phase of the CMAR selection process, Request for Qualifications (RFQ), and three firms were shortlisted on 6/19/24. The next phase of the CMAR solicitation is the Request for Proposal (RFP) phase. The successful proposer would be awarded the contract for Pre-Construction Services and Construction, requiring a commitment of funds that exceed the current appropriation of \$1.4M. Consequently, the RFP phase has been placed on hold until funding has been secured and the CON has been approved.

Action Requested

Staff requests a motion to appropriate \$8.9M from the BRH Fund Balance to CIP B55-087 be forwarded to the Assembly Finance Committee for approval.

Attachment:

[Memo from Chief Architect Rynne to BRH Senior Leadership Team, June 20, 2024](#)

¹ Current funding efforts of \$6M are comprised of \$4M Federal Grant (Congressionally Directed Spending) and a pending grant application of \$2M to the Denali Commission. See 6/20/24 Memo from Chief Architect Rynne for further detail.



DATE: June 20, 2024
TO: BRH Senior Leadership Team
FROM: Jeanne Rynne, Chief Architect
SUBJECT: CIP B55-083 BRH ED Addition/Renovation (Reduced Scope) Funding Recommendation

Executive Summary

Current project funding for Capital Improvement Project (CIP) B55-083 is \$1.4M. Projected total expenditures through completion of construction are \$13.1M.¹ We are at a point in the project where current funding limits continued progress. [CBJ Procurement Code 9.13](#) requires that obligations be made against appropriated funds. \$8.9M is needed to move the project forward now in order to meet the desired spring 2025 construction start date. (Please see Figure 1 for funding summary and timeline below.)

Background

The project has currently completed the Schematic Design Phase, 35% completion. In the spring of 2022, BRH Board of Directors approved the use of the Construction Manager at Risk (CMAR) procurement method. This alternative procurement method was approved for use on this project by the Assembly via Ordinance 2022-51(am) in September of 2022. Industry best practice recommends that the CMAR be brought on no later than completion of the Schematic Design phase. Consequently, the architectural firm has been placed on hold until the CMAR selection is complete.

We have completed phase one of the selection process and have ranked the four submittals received for the Request for Qualifications (RFQ). The three shortlisted firms were posted 6/19/24.

During the RFQ process, we received the 35% Cost Estimate, which showed an increase to the construction estimate from \$6.5M (Concept Estimate 8/2023) to \$7.9M, yielding a total project cost of \$12.3M (previously \$10.5M). The first task for the CMAR, once selected, will be to evaluate the project and recommend cost saving measures. (Please see Figure 2 for Concept v. Schematic Design cost comparison.)

The next phase of the CMAR solicitation is the Request for Proposal (RFP) phase. The successful proposer would be awarded the contract for Pre-Construction Services and Construction, requiring a commitment of funds that exceed the current appropriation of \$1.4M.

BRH has been pursuing several avenues for additional funding that may address \$6M of the \$8.9M needed. However the timing of the funding is fluid and not all potential commitments have been confirmed.

At this time, CBJ Engineering is recommending that the project and the CMAR selection process be placed on hold until the needed funding of \$8.9M is appropriated to the project for the following reasons:

- CBJ Procurement Code 9.13 requires that obligations be made against appropriated funds.
- The RFP phase of the CMAR selection process is substantive and requires a significant commitment of resources on the part of the proposers.

¹ Total includes \$739,965 in expenditures from the cancelled larger project.

- Although BRH is pursuing additional funding sources, the funding is not yet secured and the funding availability is not fully determined.
- When BRH cancelled the larger renovation project at 65% completion, the CMAR contract had just been awarded and was terminated shortly after. The contractor had been declining to propose on other projects, reserving their workforce for this project. Repeating this scenario would disincentivize contractors from proposing or bidding on other BRH and CBJ projects.
- If the BRH Board of Directors makes a recommendation to move forward with an \$8.9M appropriation at their 7/23/24 meeting, the soonest the Assembly would be able to adopt the appropriation would be at their 9/23/24 meeting. This would put the construction start date in early June 2025. Further delay in securing funds would put the Spring 2025 construction start date in jeopardy, potentially by one year.

Action Recommended

If after considering the programmatic needs that will be addressed with this project in the context of BRH's other organizational needs, it is determined that project should move forward in a timely manner, CBJ recommends that the additional \$8.9M be identified and recommended for appropriation to CIP B55-083 as soon as possible.

BRH ED Renovation and Addition (Reduced Scope) Funding Timeline

CIP No.	Fund Source	Funds Available Today	Potential Funding Available	Expected Date Available	Funding Status
B55-083	BRH Emergency Depart. Addition - Ph 2 Reduced Scope	\$660,035			
B55-087	RESTRICTED ED Addition	\$2,798,962		6/17/2024	CON not yet received as of 6/19/24 but expected soon.
	FY25 State Legislative Priority Request		\$0	6/19/2024	\$2M request was not funded.
	Denali Commission Grant Request		\$2,000,000	7/31/2024	Grant awards announced late July 2024.
	Federal Request		\$4,000,000	9/30/24?	Funding appropriated in Federal budget 3/26/24. HRSA Grant application required to receive funding. Application deadline: 6/12/14. Award date 9/30/24. Disbursement schedule unclear.
	Total	\$3,458,997	\$6,000,000		
	Phase 02 Total Project Cost	\$12,325,000			Based on \$7.9M MACC
	Amount Needed Today	\$8,866,000			
	B55-083 Expenditures Phase 01	\$739,965			Major project that was cancelled at 65% DD
	Grand Projected Total Ph 01 & Phase 02	\$13,064,965			

B55-083 BRH ED Addition - Current Fund Summary	
BRH Emergency Depart. Addition - Ph 01 Cancelled Project Expenditures	\$739,965
BRH Emergency Depart. Addition - Ph 02 Reduced Scope	\$660,035
Fund Total	\$1,400,000

Figure 1: Funding Summary and Timeline

**BRH Emergency Department Reno & Addition - Reduced scope
 Concept v. Schematic Design Cost Comparison**

Design Phase:	8/14/23 Estimate Concept	5/17/24 Estimate (Rev 3) Schematic Design - 35%	Variance
Construction	\$6,518,393	\$7,919,116	\$1,400,723
Total Project Cost	\$10,546,000	\$12,325,000	\$1,779,000
Ph 01 Expended Costs	\$739,965	\$739,965	\$0
Projected Total CIP Expenditures	\$11,285,965	\$13,064,965	\$1,779,000

Figure 2: Concept v. Schematic Design Cost Comparison

Assembly Goals 2025

Assembly Goals-Approved at the
MM/DD/2025 Assembly Meeting

1. Housing - Assure adequate and affordable housing for all CBJ residents				
	AA*	Implementing Actions	Responsibility	Notes:
A	P/F/ O	Complete Title 49 rewrite project Phase 1 text amendments and begin public engagement for Phase 2	Assembly, Manager's Office, CDD	
B	P/F/ O	Begin Comprehensive Plan re-write and public engagement	Assembly, Planning Commission, Manager's Office, CDD	
C	P/F	Evaluate and select a tangible next steps of the Housing Action Plan.	Assembly, Manager's Office, CDD	
D	P/F/ O	Continue aggressive use of the Affordable Housing Fund, tax abatement, and other loan and grant programs. Recommended addition: review fund guidelines to ensure meeting current housing goals.	Assembly, Manager's Office	TBD - AHS/NS/GS
E	P/F	Continue planning and implementation of (re)development of Telephone Hill, Pederson Hill, 2nd/Franklin, and CBJ land recently re-zoned to encourage density.	Assembly, Manager's Office	
F	P/O	Measure and monitor short-term rental trends and evaluate feasibility of short-term rental regulation	Assembly, Manager's Office, CDD, Finance	

Assembly Goals 2025

Assembly Goals-Approved at the
MM/DD/2025 Assembly Meeting

2. Economic Development - Assure Juneau has a vibrant, diverse local economy

AA*		Implementing Actions	Responsibility	Notes:
A	P/O	Work with industry to eliminate hot berthing. Support and implement strategies to manage local tourism impacts. Lead regional tourism planning efforts through Port Communities of Alaska. Raise dockage fees and adopt a commercial use plan for public spaces.	Assembly, Manager's Office, Docks & Harbors	
B	P/F/S	Explore ways to support the Capital Civic Center	Assembly, Manager's Office, Finance	
C	P/F	Complete design and build community support for West Douglas and Channel Crossing, apply for construction funding and appropriate and/or bond for local match	Assembly, CDD, Planning Commission, Manager's Office	
D	P/F/S	Collaborate with USCG and other partners to clear local hurdles in Icebreaker homeporting efforts	Assembly, Manager's Office, Docks & Harbors	

3. Sustainable Budget and Organization - Assure CBJ is able to deliver services in a cost efficient and effective manner that meets the needs of the community

AA*		Implementing Actions	Responsibility	Notes:
A	P/F	Develop policies for all fund balances.	Assembly, Manager's Office, Finance	
B	P/F/S	Develop funding and management strategy for the next three years of Eaglecrest's capital and operations needs.	Assembly, Eaglecrest, Manager's Office, Finance	
C	P/F/S	Review and evaluate governance structure of empowered boards.	Assembly, Boards, Manager's Office	

Assembly Goals 2025

*Assembly Goals-Approved at the
MM/DD/2025 Assembly Meeting*

D	P/F	Evaluate ways to increase revenue from visitor activity.	Assembly, Manager's Office, Finance	
		Examine purpose and effectiveness of indirect expenditures (tax exemptions, tax credits, any method of foregoing revenue juxtaposed to policy purpose)		<i>TBD - NS/GS</i>
E	F/O	Maintain Assembly focus on regular operational maintenance. Develop strategy for addressing deferred vs capital needs for all CBJ facilities.	Assembly, Manager's Office, EPW, P&R, all facility managers (incl. JSD/enterprise)	
*Assembly Action to Move Forward: P = Policy Development, F = Funding , S = Support, O = Operational Issue				

Assembly Goals 2025

Assembly Goals-Approved at the
MM/DD/2025 Assembly Meeting

4. Community, Wellness, and Public Safety - Juneau is safe and welcoming for all citizens				
	AA*	Implementing Actions	Responsibility	Notes:
A	P/O/ S	Adopt a naming policy that acknowledges Juneau's history and indigenous culture.	Assembly, Manager's Office, Human Resources Committee	
B	P/F/ O/S	Explore strategies for filling vacancies at CCFR and JPD	Assembly, Manager's Office, HRRM, CCFR, JPD	
C	P/F/ O/S	Support Crisis Now and early intervention through childcare as part of community mental health wellness	Assembly, Manager's Office, CCFR, JPD	
D	P/F/ S	Consider review of JCF grant recipients	Assembly, Manager's Office, JCF	
E	S	Support DIA's efforts to acquire Mayflower Island	Assembly, Manager's Office	
F		Increase advocacy for programs that strengthen families with children aged 0-3.		TBD - MH, PK, WB
G	P/S	Continue to strengthen government to government relations with tribes, working on projects meant to grow effective communication, trust, and partnerships.	Assembly, Manager's Office	
5. Sustainable Community - Juneau will maintain a resilient social, economic, and environmental habitat for existing population and future generations.				

Assembly Goals 2025

*Assembly Goals-Approved at the
MM/DD/2025 Assembly Meeting*

AA*		Implementing Actions	Responsibility	Notes:
A	P/O	Implement a zero waste or waste reduction plan, including development of the Zero Waste Subdivision.	Assembly, Manager's Office, EPW, Finance	
B	P/O	Identify and prioritize the most cost-effective energy efficiency and electrification upgrades in CBJ facilities.	Assembly, Manager's Office, all departments	
C	P/O/ F	Identify the next major step or investment towards achieving the goal of reliance on 80% of renewable energy sources by 2045.	Assembly, Manager's Office, all departments	
D	P/F	Continue developing GLOF and other natural disaster mitigation, resilience, and response strategies with partner agencies.	Assembly, Manager's Office, EPW	
E	P/O/ F	Develop strategy to reduce abandoned/junked vehicles	Assembly, Manager's Office, EPW, Law, P&R, D&H	
*Assembly Action to Move Forward: P = Policy Development, F = Funding , S = Support, O = Operational Issue				



MEMORANDUM

DATE: January 8, 2025
TO: Chair Woll and Assembly Finance Committee
THROUGH: Katie Koester, City Manager
FROM: Denise Koch, Engineering & Public Works Director
SUBJECT: FY2026 Legislative Capital Priorities Ranked

During their December 2, 2024 meeting, PWFC discussed the Board and Commission input and the suggested changes to the draft FY26 Legislative Capital Priorities list. (See Municode¹ for back-up information including individual project descriptions as well as recommendations and correspondence from advisory bodies.) PWFC then directed staff to distribute the draft list for individual Assembly members to rank. The attached list the average of the Assembly member rankings.

At today's meeting, I request that the Assembly Finance Committee discuss the overall rankings and make any desired changes to the list. This list, including any proposed changes resulting from this meeting, will then be discussed with members of the State delegation, staff, and CBJ Federal Lobbyist, Katie Kachel at the January 23rd Legislative Breakfast. The final list will be formally adopted at the February 3rd Regular Assembly Meeting, submitted to the State as part of the CAPSIS process, and used to prioritize Congressionally Directed Spending (CDS) requests.

Requested Action: Make any desired edits to the draft FY26 Legislative Capital Priorities list.

Enc:
FY26 Legislative Priority List Preliminary Rankings

¹ See <https://meetings.municode.com/adaHtmlDocument/index?cc=JUNEAUAK&me=23bf0a759f20493d9a7b10799cb8a667&ip=True>

FY2026 DRAFT Legislative Capital Priorities Rankings

FY26 Assembly Scoring (1 - 19)	FY25 Adopted Priority Ranking	Project Name:	Amount Requested:	Total Project Cost:	Funding Already Secured:
1	New	Glacial Outburst Flood Response, Mitigation & Preparedness	\$30M+	\$TBD	\$6.155M (CBJ funds)
2	1	Juneau Douglas North Crossing	\$2M	\$300M-\$550M	\$2M for PEL; \$2.1M CBJ; \$7M CDS; \$16.45 RAISE
3	4	Mendenhall Wastewater Treat. Plant Compliance: Fats, Oil, and Grease & Grit Removal	\$6.3M	\$6.3M	\$0
4	2	Telephone Hill Redevelopment	\$2M	~\$10M (placeholder)	\$600,000 (\$500k 1% Sales Tax; \$100k GF)
5	3	Pederson Hill Housing Development	\$1.5M	\$5-\$15M	\$1.5M (1 % Sales Tax)
6	9	Bartlett Emergency Department (ED) Renovation/Expansion	\$2M	\$10-20M	\$4M Bartlett Reserves; \$4M CDS
7	6	Aak'w Village District Parking (formerly N. SOB parking garage)	\$38M	\$50M+	\$5M SOA; \$5M CBJ Voter Approved Sales Tax
8	13	JSD-Wide Security and Safety Upgrades	\$2M	\$2M	\$0
9	8	Lemon Creek Multimodal Path	\$12M	\$15M	\$740k USDOT grants; \$1.5M (1 % Sales Tax)
10	18	Statter Harbor Wave Attenuator (Formerly "Auke Bay New Breakwater")	\$5M	~\$50M+ (placeholder)	\$1.8M CBJ commitment, (\$500k pending CDS)
11	New	Aurora Harbor Drive Down Float	\$14M	\$1.4M	\$11.1M PIDP Grant (MARAD)
12	14	Shore Power at Dock 16B	\$20M	\$54.25M	\$10M (MPF)
12	15	Eaglecrest Employee & Tourism Workforce Housing	\$12M	\$12M	\$0
13	11	Capital Civic Center	\$10M, SOA; \$35M Federal Delegation	\$45M	\$8M CBJ funds for design and matching funds; \$10M commitment from CLIA for MPFs; \$6.5M in Partnership Resources
14	19	Jackie Renninger Park Development & Pipeline Skatepark Improvements	\$7M	\$8.075M	\$1,075,000
15	16	Waterfront Juneau Douglas City Museum	\$2M	\$12M	\$2M in 1% CBJ Voter approved sales tax
16	17	West Douglas Extension	\$4M	\$7.5M	\$0
17	20	North Douglas Boat Ramp Expansion	\$250k	\$20M	\$0
18	21	Off-Road Vehicle (ORV) Park Development	\$5.7M	\$6M	\$450,000 (CBJ funds and RTP grant)



MEMORANDUM

DATE: January 2, 2025
TO: City and Borough of Juneau Assembly Finance Committee
FROM: Alexandra Pierce, Visitor Industry Director
SUBJECT: Dockage Fees

Over the past several years, the Assembly has periodically discussed raising dockage fees for large cruise ships. Currently, CBJ charges \$0.065 per registered ton and \$3.58 per lineal foot for vessels over 250 passengers. The desire to raise dockage fees is based on the assumption that CBJ is not charging market rates compared to the private docks. Without knowing how much the private docks charge, benchmarking rates can be a challenge. Docks & Harbors completed a [rate study](#) in 2022 for both dock and harbor facilities. The rate study focused mostly on harbor facilities and recommended a 9% increase across the board with an annual adjustment for CPI. For docks, the study focused on other regional port fees for municipally owned infrastructure, but the study author was unable to obtain pricing data for private facilities.

Public and private ports throughout the country charge dockage fees in different ways. Currently, CBJ charges by the vessel's length and weight. Another approach is to charge by ship capacity, which also follows the size of the ship. The number of lower berths (measured as double occupancy cabins) is the industry standard for measuring ship capacity. These two options for increasing dockage fees would have different effects on different types of ships. For example, the lineal foot/registered ton approach is more costly per passenger for smaller luxury ships, which tend to have more space per individual passenger. The attached spreadsheet provides a breakdown of how this would translate to a sample of two very different cruise ships currently in the Alaska market.

Fortunately, another regional port has recently made an attempt to charge more competitive rates. In 2024, Skagway created a new port tariff, charging \$8/passenger for private docks and \$13/passenger for public docks. Note that Skagway does not have a marine passenger fee like Juneau but collects state Commercial Passenger Vessel Excise Tax (CPV) at \$5/passenger. This translates to a total charge of \$18/passenger at public docks and \$13/passenger at private docks. Juneau's proposed increases were developed in the context of Juneau's other fees and charges.

As a reminder, at all docks, CBJ collects a combined \$13 in Marine Passenger Fees (MPF), Port Development Fees (PDF), and State CPV (collectively referred to as "passenger fees"). Below are several options for increasing dockage fees, based on regional market conditions.

Per lower berth:

- Increasing dockage fees to **\$5/lower berth** based on ship capacity at CBJ docks would benchmark Skagway's public docks and provide \$18 in total income per lower berth passenger combining dockage and passenger fees.
- Increasing dockage fees by \$2 over Skagway at **\$7/lower berth** based on ship capacity would generate \$20 per lower berth passenger in total CBJ income in combined dockage and passenger fees.

Per lineal foot/ton:

- Doubling CBJ fees to **\$0.13/registered ton and \$7.16/lineal foot** would be consistent with other regional ports for very large ships but would drastically increase fees for small luxury ships.

Currently, dockage fees are adjusted for CPI annually. We would not expect this to change.

When the Assembly receives the Passenger fee budget this year, members will see at least one public request to raise the MPF. Passenger fees are constitutionally restricted. Dockage fees are part of the docks enterprise, which is currently supplemented by passenger fees, including a \$750,000 annual subsidy for port maintenance. In 2024, the docks enterprise collected \$2.5 million in dockage and lightering fees. By raising dockage fees, we can make docks self-supporting and generate additional funds for other needs.

Assembly action:

- Provide direction on whether to raise dockage fees
- Provide direction on charging per lower berth or per lineal foot/registered ton
- Provide direction on amount of fee increase

Private Docks

As a reminder, Juneau has two private docks, the Franklin (Princess) Dock and the A.J. (Rock Dump) Dock, with a third private dock proposed by Huna Totem. Private docks have had differing levels of passenger fee support over the years. The most recent iteration has involved providing all docks (public and private) with funding for restroom maintenance and security. This is with the understanding that these are port-wide functions that serve a broader community need. Private docks have advocated for increased funding for maintenance because CBJ provides dock maintenance funding to its own enterprise fund. These arguments are often based off a 2011 memo by then-Mayor Bothello (attached) explaining the legal rationale for passenger fee use at private docks for funding port operations for both public and private infrastructure.

Raising CBJ dockage fees could effectively harmonize the way all docks are funded (through their own revenue) and provide a foundation for an Assembly discussion to rationalize passenger fee funding between public and private docks. This is a decision for the passenger fee budget process, but this issue presents an opportunity to start the discussion.

Assembly action:

Assuming that CBJ raises dockage fees, provide input on the following options:

- Increase dockage fees and fund the docks operational budget with dockage fees. Continue to fund restrooms and security for all docks with passenger fees
- Fund the docks operational budget with dockage fees but do not provide any passenger funding for restrooms and security to any dock
- Fund the docks operational budget with dockage fees and provide all docks with restrooms and security plus a set maintenance fee

Outstanding Issues

- The eventual ordinance may need to differentiate between large cruise ships and other large vessels (i.e. USCG) using CBJ docks.
- There will likely be issues and concerns identified by the Docks & Harbors Board. Staff has elected to get general direction from the Assembly before sending a draft ordinance to the Board for review.
- CLIA has requested a year's notice before increasing rates. Honoring this request would make the rates go into effect for the 2026 cruise season.

Next Step:

Submit draft ordinance to Docks & Harbors Board for review and comment

	Ovation of the Seas capacity 4180		Docks Enterprise Revenue per season (assumes 21 calls)	Silver Nova Capacity 728		Docks Enterprise Revenue per season (assumes 21 calls)
	Dockage per call	Dockage per lower berth		Dockage per call	Dockage per lower berth	
Current revenue	\$15,037	\$2.71	\$315,784	\$6,243	\$8.82	\$131,105
Double foot/ton	\$30,075	\$7.19	\$631,568	\$12,846	\$17.65	\$269,769
\$5/lower berth	\$20,900	~\$5	\$438,900	\$3,640	~\$5	\$76,440
\$7/lower berth	\$34,335	~\$7	\$721,035	\$14,560	~\$7	\$305,760

MEMORANDUM

CITY/BOROUGH OF JUNEAU

Office of the Mayor
155 S. Seward St., Juneau, AK 99801
Bruce_Botelho@ci.juneau.ak.us



Voice (907) 586-5240
Fax (907) 586-5385

DATE: April 25, 2011
TO: Borough Assembly
FROM: Bruce Botelho, Mayor *[Signature]*
SUBJECT: Marine Passenger Fees and Port Development Fees [REVISED]

During the course of the last months the assembly and its finance committee have discussed whether and how we should make use of monies received from cruise ship passengers. Recently, challenges to some proposed expenditures have been offered by members of the public and these, rightly, should be openly and forthrightly addressed.

In advance of this Wednesday's consideration of the CIP budget for FY 2012, I thought it might be helpful to review the fee structures we have in place, their historical context and my understanding of the applicable law. I do so in recognition that my remaining time on the assembly is limited and that I am the only member who participated in the early development of our fee structures.

Historic cruising

Cruise ship tourism of one sort or another has been part of Southeast Alaska's history for generations, frequently regarded as beginning with John Muir's 1879 visit, immediately before the discovery of gold in what became the Juneau Mining District.

Throughout the first half of the Twentieth Century, tourists travelled to Alaska primarily on vessels of the Alaska Steamship and Canadian Pacific steamship boats. By the mid-1960's, these companies had been supplanted by air travel and the Alaska Marine Highway system.

The first cruise ships in numbers returned to Juneau in the late 1970's and, by 1982, the annual number of passengers had risen to 80,000. Juneau consciously focused on this potential market in the aftermath of a 1982 vote on a bond issue to finance the relocation of the capital. The city recognized the need to diversify and cruise ship tourism offered one attractive alternative. On its own, Juneau undertook the establishment of a

downtown historic district and extensive reconstruction of streets and sidewalks, hoping that these improvements would attract more cruise lines to call on Juneau.¹

Whether by coincidence or not, the cruise industry did expand its presence in Juneau and by the late 1980's the annual number of cruise passengers exceeded 200,000.

1990 Enactment of a port dues structure

As mayor in January 1989, I requested the assembly adopt an ordinance imposing a \$5 marine passenger fee on each cruise ship passenger arriving in Juneau. Juneau's docks were old and could not sustain the volume of ship traffic, consisting of vessels five to ten times the size of those the docks had been built for. Revenue sharing and capital projects from the state to municipalities had fallen sharply since the 1985 recession. The burden of infrastructure development needed to be shifted to the industry that benefited from it.

The cruise industry opposed the imposition of a fee. However, over the course of the next thirteen months, hearings and negotiations between industry representatives and the city took place. And, in February 1990, (over industry opposition) the assembly unanimously enacted a "port dues" ordinance, Ord. 89-52. In the ordinance, the assembly made several findings, among them, that "the establishment of port dues is necessary and appropriate in order to fund capital acquisitions and improvements to the city and borough's port facilities for the use and benefit of the cruise ship industry."

The port dues structure assessed vessels based on their tonnage, with the receipts used to finance specific dock improvements proposed in a General Obligation bond package approved by the voters in 1991. The rate began at \$.05 a ton and was readjusted annually.²

The Marine Passenger fee

In 1999, City and Borough of Juneau voters passed Proposition 1, assessing a fee of \$5 per cruise ship passenger. The proposition, embodied in CBJ 69.20, directed that the fees be placed in a marine passenger fund, from which appropriations were to be made to "address the impacts caused by the marine passenger ship industry." Permissible expenditures included:

- (1) Design, construction, operation, or maintenance of capital improvements to relieve impacts of marine passenger ships and marine passengers;

¹ In addition, between 1978 and 1988 the city invested \$9.619 million in waterfront projects.
² Two other features of the ordinance are noteworthy. The first was creation of a port development plan that served as the basis for the 1991 GO bond issue. The second was the creation of a port advisory committee whose primary responsibility was to comment on the port development plan and adjustments to all port fees.

- (2) Operating funds for personnel, training, commodities, rentals, services and equipment for services provided, made available to, or required as a result of marine passenger ships and marine passengers;
- (3) Projects and programs that promote safety, environmental improvements, or enforcement of laws caused or required by marine passenger ships and marine passengers;
- (4) Acquisition of land required to execute the activities listed in this section;
- (5) Beautification and enhancement of the facilities listed in subsections (a)(1)—(a)(4) of this section;
- (6) Surveys, analyses, polls, plans, monitoring, and similar efforts to measure, describe or predict, or manage the impacts of marine passenger ships and marine passengers, for items listed in subsections (a)(1)—(a)(5) of this section.

In 2008, the Assembly amended the ordinance's process for soliciting and deciding projects, but did not alter the list of permissible expenditures. Ord. 2008-07.

The Port Development fee

In January 2002, the port dues ordinance, Ord. 89-52, expired. In April 2002, the assembly adopted Res. 2150, "a Resolution Imposing Port Dues on Vessels Carrying Passengers for Hire." In doing so, the assembly determined that "it is appropriate to implement a replacement that assures better planning, improved community and business partnerships, and the development of broadly supported waterfront improvements".

Despite the title of the resolution, the fee was to be denominated a "port development fee". The initial rate was \$1.73 per passenger. Monies were to be used to partially fund Phase I of the Steamship Wharf/Marine Park project, a comprehensive waterfront plan "addressing the area from the Douglas Bridge to the Little Rock Dump", and a feasibility study and preliminary design of a dock extension. The fee was to be collected through December 31, 2005.

The port development fee was the subject of several subsequent resolutions:

- (1) Resolution 2163 (July 2, 2002), which, for the first time, differentiated between CBJ owned facilities and private facilities, charging 18 cents per arriving passenger for all vessels and an additional \$2.00 on those arriving at CBJ owned facilities;
- (2) Resolution 2294b am (March 14, 2005), which increased the fee on all arriving passengers to \$1.18 and an additional \$2.00 on passengers arriving at CBJ owned facilities. In addition to projects addressed in Res. 2150, Res. 2294b directed funds to implement waterfront development projects identified in the then-recently-adopted Long-Range Waterfront

Plan. The assembly specifically found that the primary user of the downtown waterfront facilities was the cruise line industry and that the safety and efficiency of interstate and foreign commerce would be enhanced by planning, designing, and constructing facilities outlined in the plan;³

- (3) Resolution 2423(b) am (January 7, 2008), which set the port development fee at \$3.00 for all arriving passengers and extended it until January 2011; and
- (4) Resolution 2552 (November 29, 2010), which repealed the sunset provision.

Other topics bearing on Marine Passenger and Port Development fees

a. State Commercial Passenger Vessel Excise Tax (CPV)

In August 2006, a voter-approved initiative established the commercial passenger vessel excise tax, popularly known as a “head tax”; of \$50 per person disembarking from cruise ships in an Alaska port. Monies were placed into the CPV tax account and were then appropriated annually by the legislature under a formula set forth in the initiative. The initiative’s findings included a determination that “the State of Alaska and local governments. . . incur significant costs related to health, safety and other social activities and obligations. These passengers should also contribute their fair share to the costs of the general government of the State of Alaska. . .”

At Governor Parnell’s urging, the legislature modified the CPV in the 2010 session, effectively reducing the tax to \$34.50 per passenger. Two features were of specific benefit to the City and Borough of Juneau. First, it would receive \$5 per passenger. Second, doing so would not be conditioned on repeal of its own marine passenger fee or port development fee.

b. The Long Range Waterfront Plan

As I noted above, one of the uses of the port development fee was to be the completion of a long-range waterfront development plan. After two years of public hearings and preliminary work, the assembly adopted its plan in November 2004 (Ordinance 2004-40). The plan, with a 20-year horizon, embodied the assembly’s systematic approach to development of the Port of Juneau.⁴ Among its “key organizing elements and themes” were “cruise facility growth” and “expanded transportation mode choice”.

³ Ord. 2005-02 (imposing market rate port dues on vessels carrying passengers for compensation) was adopted at the same time. It authorized a port tonnage fee on vessels calling at the Port of Juneau, but it has not been implemented.

⁴ The Port of Juneau encompasses those facilities located on the downtown waterfront, including the ferry terminal and lightering docks, which are not included under the term “boat harbor” and which are used for commercial purposes related to marine shipping, transportation, and tourism. CBJ 85.05.010

The plan specifically contemplates the reconstruction of CBJ's docks to accommodate two, 1,000 foot cruise vessels, sets forth considerations for additional berthing, and identifies alternatives near Gold Creek to achieve that result.

c. Expenditures from the two city fee structures

Over the course of the period 1990 – 2008 there was another nearly five-fold increase in the number of passengers arriving in Juneau.⁵ The volume of visitors and the size of the vessels calling on Juneau both brought major challenges and opportunities to Juneau. Floatplane and, later helicopter, operations, crowding of pedestrians on Juneau streets, bus congestion, air and water quality, and adequacy of docks were all issues successive assemblies have tried to address responsibly.

The fees have been essential in building and maintaining basic infrastructure for nearly-one-million visitors who arrive by cruise ship into the Port of Juneau each year and in partially off-setting the impact of these visitors on municipal government services.

Not including the initial port dues regime, the CBJ has expended \$14,776,800 in port development fees on port infrastructure maintenance and construction. The CBJ has expended an additional \$22,239,000 on Port of Juneau capital projects from marine passenger proceeds.⁶

Applicable Legal Standards

From the outset, successive assemblies have been conscious of, and conscientious about, complying with federal, state and local laws respecting use of the monies collected from port dues, port development and marine passenger fees. Nevertheless, our application of these standards has evolved, becoming increasingly sophisticated because of greater awareness on the part of assembly members, vigilance by city management and the public and constantly developing case law. This iterative process will continue.⁷

What we all know is that, in addition to complying with our own ordinances, each proposed expenditure must satisfy every federal and state standard in order to be lawful. Here is my cursory outline of these standards, along with my thoughts on their application:

a. Federal constitutional constraints

⁵ The number of passengers arriving in Juneau declined after that point from a high in 2008 of 969,354 visitors, 962,573 in 2009, and 825,916 in 2010 to an anticipated 816,188 visitors this summer, attributed variously to a national recession and to the imposition of the statewide passenger fee discussed above.

⁶ Approximately \$30 million has been expended on "operations" which has ranged from general support (\$14,063,900), shoreside power (\$3 million), to the seasonal EMS Transport program (\$480,000) and crossing guards (\$991,000).

⁷ I will have recommendations to make in this regard later this year.

The “dormant” Commerce Clause. The United States Constitution authorizes Congress to regulate “Commerce with foreign Nations, and among the several States, and with the Indian Tribes”. Art. I, sec. 8, cl. 3 U.S. Const. This explicit grant of authority to Congress has a converse implicit prohibition known as the “dormant” Commerce Clause which bars states from passing legislation that improperly burdens or discriminates against interstate commerce, even when there is no conflicting federal statute.

The United States Supreme Court has established a three-pronged test to determine whether a state (or local) fee imposed on interstate commerce to pay for facilities used in part by those engaged in interstate commerce is “reasonable” [constitutional]. It is permissible only if it

- (1) is based on some fair approximation of use of the facilities,
- (2) is not excessive in relation to the benefits conferred, and
- (3) does not discriminate against interstate commerce.

Northwest Airlines, Inc. v. County of Kent, 510 U.S. 355, at 369 (1994).

The Tonnage Clause. Article I, section 10 of the United States Constitution declares that “[n]o State shall, without the Consent of Congress, lay any Duty of Tonnage.” The Supreme Court has interpreted the clause to apply to “all taxes and duties regardless of their name or form, and even though not measured by the tonnage of the vessel, which operate to impose a charge for the privilege of entering, trading in, or lying in a port.” *Clyde Mallory Lines v. Alabama ex rel. State Docks Comm’n.*, 296 U.S. 261, at 265-66 (1935).

Two years ago, the Supreme Court was presented with a challenge to the City of Valdez’s imposition of a property tax on large vessels docking at its ports. While striking down the tax, the Court noted: “. . . [N]othing in the history of the adoption of the Clause, the purpose of the Clause, or this Court’s interpretation of the Clause suggests that it operates as a ban on *any and all* taxes which fall on vessels that use a State’s port, harbor, or other waterways.” *Polar Tankers Inc. v. City of Valdez, Alaska*, 129 S.Ct. 2277, at 2283 (2009).

Most pernicious about the tax, not an issue with respect to our own fees, was that it was intended to raise money for general municipal services, it was uniquely targeted at large vessels rather than to any other form of non-affixed personal property, and it was not related to services provided to the vessel.

b. Federal statutory constraints

Language in the Maritime Transportation Security Act of 2002 amended 33 U.S.C. 5 by adding a new subsection (b) that provides in pertinent part:

No taxes, tolls, operating charges, fees . . . shall be levied upon or collected from any vessel or other water craft, or from its passengers or crew . . . except for . . . reasonable fees charged on a fair and equitable basis that - (A) are used solely to pay the cost of a service to the vessel or water craft; (B) enhance the safety and efficiency of interstate and foreign commerce; and (C) do not impose more than a small burden on interstate or foreign commerce.

In *State v. Alaska Riverways, Inc.*, 232 P.3d 1203, 1222 (Alaska 2010), the Alaska Supreme Court noted that this section was a codification of the common law concerning the constitutional constraints discussed above.

What is the service we provide? It is rendering the Port of Juneau able to receive passenger ships of current and anticipated capacity into its harbor, permit their passengers and crew to cross our docks, and enter the community, whether on foot, by water taxi or motorized terrestrial vehicle, safely and efficiently. And, when I refer to "our docks", I mean to include those that have been privately developed. Our responsibility to passengers and crew who visit Juneau does not end at a property line. On the other hand, how and in what manner that responsibility is fulfilled will vary, based in part on the ownership of any specific facility within the Port of Juneau.

It is my view of the service we provide that makes me uncomfortable with expenditures outside of the Port of Juneau. For that reason, I have been particularly wary of the use of marine passenger fees for the airport. Use of funds for Statter Harbor presents a much closer question for me, even though it is geographically more remote from the Port of Juneau than the airport. It is because the facilities that are proposed to be constructed are almost exclusively for the use and benefit of marine passengers who disembark in the Port. A court could conclude that it is an appropriate expenditure.

c. State constitutional constraints

Public Purpose Requirement. Article IX, section 6 of the Alaska Constitution reads:

No tax shall be levied, or appropriation of public money made, or public property transferred, nor shall the public credit be used, except for a public purpose.

This provision enters our discussion because of proposed expenditures to dock facilities that are privately owned. The Alaska Supreme Court has applied this provision on several occasions. A case that structurally bears some resemblance to the situation presented here is *Weber v. Kenai Peninsula Borough*, 990 P.2d 611 (Alaska 1999).

In 1993, certain property owners petitioned the borough to form a utility special assessment district to finance a gas line extension to their area. The extension was to be constructed and owned by Enstar. Once the extension was completed that year, the borough confirmed the assessment roll and set the amount each

property owner within the district was to pay. Weber (the successor to the original property owner who protested) challenged the assessment as violative of the public purpose requirement, claiming that it benefited only Enstar. That was because Enstar would receive all of the assessment proceeds and, in the end, would own and operate the gas line.

In *Weber* the Alaska Supreme Court concluded: "The issue turns not on who is being paid but on what will be provided." In doing so the court relied on an earlier U.S. Supreme Court pronouncement⁸ and its own early decision in *Lien v. City of Ketchikan*, 383 P.2d 721 (Alaska 1963) "... [T]he test of whether a public purpose is being served does not depend on the ... nature of the [entity] that will operate the ... property, but upon the character of the use to which the property will be put."⁹

I have struggled with the applicability of the public purpose section to the Port of Juneau. I specifically opposed use of the marine passenger fee proceeds to fund shoreside power. What troubled me most was the manner in which the project was put together. Two private entities entered into a contract for shoreside power that included provisions for the financing of the project and then, six months later, successfully requested that the assembly pay for the project from marine passenger fee proceeds instead. Under *Weber* the expenditures fulfilled the public purpose requirement.

Senator Elton Engstrom, and Mssrs. Chip Thoma and Joseph Geldhof have each expressed their concern about expenditures proposed for the A.J. Juneau Dock and Franklin Dock. None has argued that there should be an absolute bar to expenditures at the private docks.

Senator Engstrom's objection is that:

The Franklin Dock and A.J. Dock have contracts that give them profit for their enterprises which should include provision for repair and depreciation, if properly drafted. Both of the aforementioned docks are private entities with no open access for the Juneau public. These are structures that are only used for the benefit of the dock company and a cruise line. . . To give them a

⁸ "The test of the public character of an improvement is the use to which it is to be put, not the person by whom it is to be operated." *Milheim v. Moffat Tunnel Improvement District*, 262 U.S. 710 (1923).

⁹ Another Alaska Supreme Court case, *Wright v. City of Palmer*, 468 P.2d 326 (Alaska 1970) is also instructive. Here the court approved a bond issue intended to entice a business into Palmer over the objection that the benefit accrued to the business entity. The court noted that: "There are dangers that an industry locating in a community may end up dominating the political and economic processes. On the other hand, it is recognized that the location of an industry in a particular community may have widespread economic benefits and that these do fulfill the public purpose and the general welfare of the community, broadly conceived". *Ibid* at 330-31. The court further observed: "The benefits from the plan of the City of Palmer may be enjoyed in part by some individuals more than by others. But collective advantages to the community at large can be perceived quite readily." *Id.* at 331

share of the head tax would be a gift which is not expected or deserved.

(undated; presented to the assembly in early April 2011)

Mr. Thoma lauded the proposal to fund a grey water connection from the AJ Juneau Dock to the Thane treatment plant. On the other hand, he has challenged the navigation hazard study, declaring that "Private entities should do their own business and capital improvement planning, not the CBJ." (April 11, 2011).

Mr. Geldhof observed that "... the CBJ has the ability to make payment to the private docks and other private entities so long as the public obtains some value from the transaction." He objected to many of the proposed expenditures, however, as "nothing more than a subsidy by the public to private enterprise entities for what is essentially routine maintenance or property upgrades." (April 11, 2011).

Legal representatives of the Franklin Dock Co. and A.J. Dock Co., on the other hand, have argued that:

To absorb the fees collected from vessels calling at the private docks (and to comply with federal law) . . . the CBJ will need to make substantial additional appropriations for projects to maintain the docks at the high standard necessary to continue attracting cruise business (and related economic activity) to Juneau.

Stephen Rummage and Rebecca Francis (December 7, 2010)

While supporting projects proposed for the private docks, Mr. Bob Stone, chairman of the Alaska Cruise Association has challenged the decision to expand the downtown public docks, in part because "that project will not benefit the passengers who would be paying the fees to defray the costs, thus running afoul of federal law. (Indeed, most of those passengers do not even call at the public docks)." In his letter to me, dated January 11, 2011, he continued: "The industry also has serious concerns regarding the seawalk and other components of the Long-Range Waterfront Plan."

I appreciate Mr. Stone's focus on the Long-Range Waterfront Plan because it is for me the linchpin of our approach to the imposition and expenditure of our fees. The plan views the Port of Juneau as an integrated area, intended to service vessels, their passengers and crew in a way that is safe and efficient, but also with amenities that benefit these visitors and residents alike. The fees are a partial offset to the costs associated with the infrastructure and governmental services provided and in mitigation of the impacts that a million and a half people, both passengers and crew, bring in a four month period to a community of 31,000.

Any given year is a snapshot in time. Discrete projects may be concentrated in one part of the Port in one year, in another in a second year, and so on. At the end of the planning

horizon, however—and with modifications as time goes on—the Port will have been fully developed and will have enhanced both the safety of vessel, passengers and crew and their efficient movement along and through the waterfront.

I agree with Mr. Rummage and Ms. Francis that we do need to maintain both public and private docks “at the high standard necessary to continue attracting cruise business (and related economic activity) to Juneau.” For that reason, I can support funding for projects at the private docks. In the first instance, however, I leave it to the manager to evaluate all proposals for expenditures of the marine passenger fee proceeds and to recommend those that he concludes are most justified.

There are two residual questions from this discussion: (1) what, more specifically, can we spend the fees on? And, (2) must all fees collected from passengers disembarking at the private docks be used exclusively at the private docks?

There is no magic list that allows us to definitively say which projects qualify and which do not. However, the Second Circuit Court of Appeals decision in *Bridgeport and Port Jefferson Steamboat Co. v. Bridgeport Port Authority*, 567 F.3d 79 (2d Cir. 2009), is instructive. The port authority, established by the City of Bridgeport, CT, included lands 1,000 feet inland from the waterways of Bridgeport and Black Rock Harbors as well as certain lands outside of it. It also encompassed a dry shipping terminal, a site of a former major steel complex and a shipyard. The ferry company docked at the authority’s facilities. The authority imposed a passenger fee on ferry passengers from which virtually all of its operations were funded. The court affirmed a lower court decision enjoining the collection of a passenger wharfage fee until the fee was revised. Specifically, it approved of the district’s court’s segregation of permissible and impermissible uses of the fee proceeds. I highlight here some of the markers that should help us in making our own expenditure decisions:

- “The Port District . . . includes many projects beyond the Dock that are not functionally related to the ferry operation, and are not intended to benefit the travelers on ferries or to facilitate their boat travel from Connecticut to Long Island.”
- “The Court concluded that the following BPA activities benefitted ferry passengers: (1) construction and maintenance of a new ferry terminal building, (2) repair of the bulkhead of the Dock, (3) construction of the access road, (4) planning of the parking facility for ferry passengers, (5) security for the Dock, and (6) daily operations related to the ferry.”
- “A user fee. . . may reasonably support the budget of a governmental unit that operates facilities that bear at least a ‘functional relationship’ to facilities used by the fee payers.”

I do not believe that we are required to expend all monies collected from passengers disembarking at the private dock facilities only on those facilities. I essentially agree with Senator Engstrom’s observation that “[t]he Franklin Dock and A.J. Dock are not the

nexus of the taxable event supporting the passenger charge. The basis is the vessel being in the waters adjacent to the city of Juneau." The fees are used for improvements to the Port of Juneau, of which the private facilities are merely a part.

Two airline cases discussed in *Bridgeport* above make clear that there is no requirement that "the amount of a user fee must be precisely calibrated to the use that a party makes of Government services."

In *Evansville-Vanderburgh Airport Authority District v. Delta Airlines, Inc.*, 405 U.S. 707 (1972), respondents challenged a "use and service charge" of \$1 "for each passenger enplaning any commercial aircraft operated from the Dress Memorial Airport" in Evansville, Indiana. The funds were to be used for the improvement and maintenance of the airport. The Supreme Court upheld the fee. Among its conclusions:

- A charge designed to make the user of state-provided facilities pay a reasonable fee for their construction and maintenance may constitutionally be imposed on interstate and intrastate users alike.
- Although not all users of the airport facilities are subject to the fees, and there are distinctions among different classes of passengers and aircraft, the charges reflect a fair, albeit imperfect, approximation of the use of the facilities by those for whose benefit they are imposed, and the exemptions are not wholly unreasonable.

In *Alamo Rent-a-Car, Inc. V. Sarasota-Manatee-Airport Authority*, 906 F.2d 516 (11th Cir. 1990), the rental car agency was the only one of six agencies located off the airport premises. It was assessed a ten percent fee to the airport authority, but prohibited from soliciting business in the airport and from picking up passengers who lacked a reservation. The on-site agencies also paid the fee, but were otherwise unrestricted. It challenged the imposition of the user fee, relying on the *Evansville* case above that the fee must "reflect a fair, if imperfect, approximation of the use of facilities for whose benefit they are imposed." The agency said that the only use it made of the airport was to drive on the airport roads in order to pick up passengers. For that reason it should be limited only to a "pro rata road use fee".

The circuit court upheld the fee. Among its observations were

- "... [T]he 'benefit conferred' language of [*Evansville*] suggests that a broad construction of use is appropriate where the benefit derived by the user depends on the existence of the entire government-provided facility."
- "Alamo argues that the Authority can only 'recoup' expenditures, thus implying that the Authority is restricted to seeking reimbursement for funds already expended to build and maintain the airport facility, and that the Authority is forbidden from levying a fee to fund future development. . . [W]e believe that given the long term nature of maintaining and developing an airport, it was appropriate for the Authority to factor in future development plans when setting user fees. To ignore the future expense of developing and expanding the airport

to meet increased demands, would increase rather than mitigate burdens on interstate commerce. . .”

A third case, decided three weeks ago, *Cohen v. Rhode Island Turnpike and Bridge Authority*, 2011 WL 1319541 (D. Rhode Is. 2011), involved a class-action challenge to, among other things, the turnpike and bridge authority’s (RITBA) use of tolls collected on one bridge to be used for maintenance and improvements on another, non-toll bridge. Here the plaintiff argued that because RITBA used some of the toll monies collected at the tolled-bridge to maintain the other, the toll was not based on a fair approximation of the use of the tolled-bridge.

RITBA countered that there was a “functional relationship” between the two bridges, the presence of the second bridge helping to alleviate the traffic that would exist on the tolled-bridge in its absence. The district court concluded that

This Court is not required to measure the strength of this functional relationship or the precise extent of added congestion that closing the Mount Hope Bridge would produce. . . To defeat [plaintiff’s] argument, all that must be shown is some functional relationship between the two bridges.

The conclusion that I draw from these cases is that fees collected from passengers disembarking at the private docks need not be expended solely at those facilities, that the fees may be used to support discrete projects within the Long-Range Waterfront Plan and that their use for construction of public dock facilities would be permissible because of the functional relationship existing between the facilities.¹⁰

Where do we go from here?

The Finance Committee did not act on the Capital Improvements Program budget set forth in Resolution 2571 at its April 13, 2011 meeting because of concerns about projects funded by the marine passenger proceeds, even though the committee had independently forwarded the Marine Passenger Fee funding recommendations to the assembly at its April 6, 2011 meeting without objection.

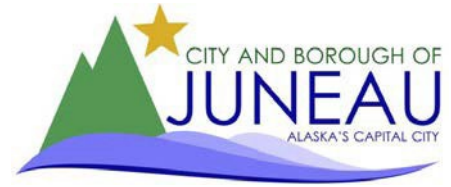
I propose that we move forward at our special Assembly meeting on Wednesday in the following manner:

- 1) We should pull Resolution 2571 “A Resolution Adopting the CBJ CIP for FY 2012 Through 2017” from the consent agenda and move it to the bottom of the agenda.
- 2) Once we reach Resolution 2571, I will ask to suspend the rules in order to decide “by exception” projects to be considered. Specifically, I ask that we:

¹⁰ I reiterate that I believe it is permissible to expend monies on the private dock facilities and that it is advisable to do so where the result will be to enhance safety, efficient movement of passengers and crew and help standardize high quality infrastructure throughout the Port of Juneau.

- a) determine whether there are any non-marine passenger fee projects to which there is objection and decide these;
- b) determine whether there are any marine passenger fee projects to which there is objection and decide these;
- c) determine the distribution of any disapproved funds (for example, directing remaining monies to the seawalk, Statter Harbor, or other projects that did not make the manager's list); and
- d) formally act on Resolution 2571 and on dispositions of the marine passenger fee proceeds.

MEMORANDUM



155 Heritage Way
One Sealaska Plaza
Suite 202
Juneau, AK 99801
Phone: (907) 586-5242

DATE: December 31, 2024
TO: Assembly Finance Committee
FROM: Law Department
SUBJECT: Ordinance 2025-09 Amending the City and Borough Code Relating to Assessing standards of Property Tax.

Ordinance 2025-09 amends the CBJ code in response to Senate Bill 179 (SB 179) passed by the 33rd Alaska State Legislature in its second regular session and signed into law by Governor Dunleavy on August 13, 2024.

SB 179 increases guardrails on how local governments assess the value of real estate, allows local governments to exempt farm structures from property tax, and outlaws taxes on real estate sales.

The areas of the bill impacting CBJ code are designed to make the property assessment process fairer and more transparent for property owners. Based on the changes to statute in SB 179 the following changes to CBJ code have been made:

- Section 14 of SB 179 amends AS 29.45.110 to require that a municipal assessor have a level 3 certification from the Alaska Association of Assessing Officers (AAAO) or to work under the supervision of an individual with that level of certification. This ordinance modifies CBJC 15.05.010 Definitions, so the duly appointed City and Borough Assessor has at least a level 3 certification from the Alaska Association of Assessing Officers.
- The definition of “full and true value” from AS 29.45.110(a) has been added to CBJC 15.05.010. The reference has been retained and the statute citation corrected at the end of CBJC 15.05.020.
- Sections 12 and 13 of SB 179 require the assessor to determine full and true value according to standards adopted by the International Association of Assessing Officers (IAAO). The phrase “to the extent practicable given the unique characteristics and prevailing circumstance in the City and Borough” has been removed because it creates the ability to diverge from full and true value. The State is at a higher level of government than the City and Borough so when there is a conflict between a statute and a city code the statute controls and preempts the city code. Since the State statute now says “shall”, requiring that the assessor only determine full and true value as provided in the specified standards, CBJ’s language “to the extent practicable...” conflicts with that mandate and is therefore preempted by the new statutory language. For this reason, the language has been removed in the proposed ordinance.
- Based on the changes to State statute in Section 12 and 13 of SB 179, the language in CBJC 15.05.020 was modified to make the assessment at full and true value clearly be consistent with the AAAO and IAAO standards. This change in statute, and corresponding change in CBJ code, provides consistent standards throughout the state.
- Section 15 of SB 179 amends AS 29.45.180(a) to provide an opportunity for all state citizens to meet with their assessor or designee to discuss that person’s property assessment, and that such meetings may be in person, virtual, or telephonic. This language was added to CBJC 15.05.130 to ensure consistency and transparency of an individual’s right to meet with the assessor.
- Section 17 of SB 179 amends AS 29.45.210(b) to remove the ability of the board of equalization to raise the assessment if they find the valuation is too low, unless the appellant requests the assessment be raised. CBJC 15.05.190(c)(5) and (9) were modified accordingly to remove the ability of the Board of Equalization to increase an assessment unless requested by the appellant.

- Section 17 of SB 179 also added language that if the appellant provides a long form fee appraisal to support their valuation and the board of equalization does not find in the appellant’s favor, the board must make specific findings on the record to support that decision. A long-form fee appraisal is a comprehensive report that provides detailed analysis of a property’s value. The amended language is designed to require a Board of Equalization to state with specificity on the record why they rejected such evidence. The proposed ordinance adds this requirement to CBJC 15.05.190(c)(9).
- Section 3 of SB 179 amends AS 29.45.050(m) to remove the limitation on exemptions for municipal school districts. The corresponding language was removed from CBJC 69.10.023(g) in the proposed ordinance.

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Presented by: The Manager
Presented: 01/08/2025
Drafted by: Law Department

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2025-09

An Ordinance Amending the City and Borough Code Relating to Assessing Standards of Property Tax.

WHEREAS, to conform with Senate Bill 179 which was signed into law on August 13, 2024.

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

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the City and Borough of Juneau Municipal Code.

Section 2. Amendment of Section. CBJC 15.05.010 Definitions, is amended to read:

15.05.010 Definitions.

The following words, terms, and phrases, when used in this title, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Assessor means the duly appointed City and Borough assessor with at least a level 3 certification from the Alaska Association of Assessing Officers or his or her authorized representative.

Full and true value means the estimated price a property would bring on the open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with the prevailing general price levels.

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...

Section 3. Amendment of Section. CBJC 15.05.020 Assessment of property, is amended to read:

15.05.020 Assessment of property.

All taxable property in the City and Borough shall be assessed at its full and true value in money as of January 1 of the assessment year. Assessment at full and true value will be informed by knowledge of the local real estate market. ~~To the extent practicable given the unique characteristics and prevailing circumstances in the City and Borough, the~~ The assessment at full and true value will be ~~based on and reflect~~ consistent with the Technical Standards of the Alaska Association of Assessing Officers (AAAO) and the International Association of Assessing Officers (IAAO).

State Law reference— Full and true value, ~~AS 29.45.100~~ AS 29.45.110.

Section 4. Amendment of Section. CBJC 15.05.130 Corrections by assessor, is amended to read:

15.05.130 Corrections by assessor.

The assessor may correct an error or supply an omission in the assessment roll at any time before the board of equalization hearing. Every person receiving a notice of assessment shall advise the assessor of any error or omission in the assessment of his or her property. If requested by the person, the assessor or designee shall meet with the person and answer reasonable questions related to the methods used to assess the person's property. The meeting required under this section may be virtual or telephonic.

Section 5. Amendment of Section. CBJC 15.05.190 Board of equalization hearing of appeal, is amended to read:

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15.05.190 Board of equalization hearing of appeal.

...

(c) *Conduct of hearings; decisions.* Except as otherwise provided in this chapter, hearings shall be conducted by each panel of the board of equalization in accordance with the following rules:

...

(5) *Burden of proof.* The appellant bears the burden of proof. The only grounds for adjustment of an assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal or proven at the appeal hearing. ~~If the valuation is found to be too low, the~~ The board may not raise the assessment in the current year unless requested to do so by the appellant. The board should sustain the original assessed value if the relevant documentary evidence or briefing is not timely submitted to the assessor's office within 15 days from the close of the 30-day appeal period absent a good faith attempt at compliance.

...

(9) *Decisions.* At the conclusion of the hearing the board shall determine, based solely on the evidence submitted, whether the assessment is unequal, excessive, improper, or an under valuation. The board may not raise the assessment in the current year unless requested to do so by the appellant. The board ~~shall~~ should issue findings of fact and conclusions of law clearly stating the grounds upon which the board relied to reach its decision when the board does not find in favor of the appellant and

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advising all parties of their right to appeal the decision to superior court.
In cases where the appellant provides a long-form fee appraisal to support the appellant's valuation, the board must speak to that evidence in their decision.

...

Section 6. Amendment of Section. CBJC 69.10.023 Property tax incentives for economic development property, is amended to read:

69.10.023 Property tax incentives for economic development property.

...

(g) *Magnitude of exemption.* ~~Consistent with this subsection, the total potential exemption shall not reduce the amount of taxes below the amount levied on other property for the school district's required local contribution under AS 14.17.410(b)(2).~~ The taxes eligible for exemption under this section are those attributable only to the newly constructed residential units exclusive of previously existing residential units (whether remodeled or not), all nonresidential improvements, and land. Except as provided by subsection (m), the magnitude of exemption shall be determined on a spatial basis as follows: the square footage of the newly constructed residential units shall be divided by the square footage of all structures on the property, then multiplied by the assessed value of all improvements on the property and by the mill rate applicable to the property.

...

State Law reference— Optional exemptions and exclusions, AS 29.45.050.

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Section 7. Effective Date. This ordinance shall be effective 30 days after its adoption.

Adopted this _____ day of _____, 2025.

Beth A. Weldon, Mayor

Attest:

Elizabeth J. McEwen, Municipal Clerk

Presented by: The Manager
Introduced: January 6, 2025
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2024-01(b)(AC)

An Ordinance Appropriating \$7,520 to the Manager for a Grant to Juneau Economic Development Council; 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 \$7,520 for a grant to Juneau Economic Development Council.

Section 3. Source of Funds

General Funds \$7,520

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

Adopted this _____ day of _____, 2025.

Beth A. Weldon, Mayor

Attest:

Elizabeth A. McEwen, Municipal Clerk

Ordinance 2024-01(b)(AC)
Manager's Report

An Ordinance Appropriating \$7,520 to the Manager for a Grant to Juneau Economic Development Council; Funding Provided by General Funds.

Juneau Economic Development Council's (JEDC) property at 612 W. Willoughby Ave. Suite A does not qualify for CBJ's non-profit property tax exemption in 2024 because they did not submit their exemption application timely. As a result, property taxes cannot be exempted for 2024, and must be paid by JEDC. This is an unanticipated financial burden for JEDC. This grant would, in effect, acknowledge the intended non-profit purpose of 612 W. Willoughby Ave. Suite A, even though it did not meet the strict legal criteria to be exempted.



City and Borough of Juneau
Manager's Office
155 Heritage Way
Juneau, Alaska 99801
Telephone: 907-586-5240 | Facsimile: 907-586-5385

TO: Chair Woll and CBJ Finance Committee
FROM: Katie Koester, City Manager
DATE: January 2, 2025
RE: Potential Bond Projects for October 2025 ballot

As the Assembly initiates the budget process for FY2026, I want to bring to your attention the timeline and potential projects for consideration on the October 2025 municipal ballot. If there is appetite for a bond proposition on the fall ballot, it would be useful to get direction on the general categories of projects and a proposed dollar amount to allow staff and committees to do the appropriate leg work to bring back to the body. If the body is hesitant to ask the voters this year, it would be helpful to know that now.

Potential Projects

1. Water and Wastewater (WW) Utility Infrastructure

The last 2% increase in Utility rates went into effect on July 1, 2024. In recent years, the Utility has relied on 1% sales tax funding for capital projects, however, water and wastewater projects were not included in the 2023 1% vote. The Utility is seeking a multi-year rate increase to go into effect starting July 1, 2025, to pay for increased operational costs and necessary capital projects.

Voters approved a \$10M bond for wastewater capital projects in October of 2024. Every \$10M that the Utility receives in a general obligation bond enables the Utility to decrease the proposed wastewater portion of the rate increase by 3% per year *on average* over the five-year period. The Utility has proposed a 12.5% annual sewer increase and 10.25% water increase over the next five years.

From a capacity standpoint, the Utility can manage about \$11M a year in capital spend – anything more than that stretches project management and operational resources. The improvements to the clarifier building (G.O. bond that was approved this fall) are scheduled to begin design now and construction in the fall. Any bonds approved in fall of 2025 would likely be encumbered in Fall of 2026.

2. Juneau School District (JSD) Capital Improvement Projects

The moratorium on new projects for school debt bond reimbursement ends on July 1, 2025, at which time the program will automatically restart (absent legislation to delay that date). However, as we have seen, just because a project is approved through the school debt bond reimbursement process does not mean it will be funded in any given year.

Years of deferring large maintenance projects at JSD due to uncertainty over school debt bond reimbursement and consolidation have created a back log of projects. The six-year CIP from last year's budget process is attached to give you an idea of the types of projects on JSD's radar. If the Assembly would like to propose a school bond, I recommend referring the project development to the Joint Facilities Committee with a target dollar amount.

Keep In Mind

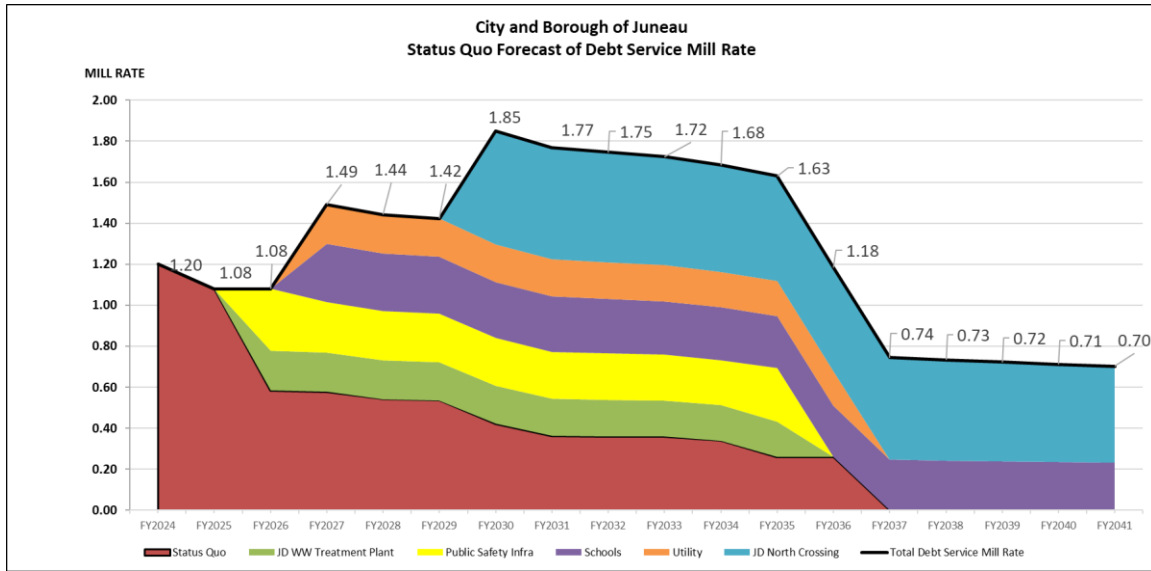
There are many future capital projects that need bond support. For example, any long-term flood mitigation will be expensive and require a local match. In a similar vein, a \$300M Juneau Douglas North Crossing will likely require a 20% local match. In addition, there are needed improvements to Centennial Hall (\$25M), rehabilitation and/or

Demolition of Marie Drake (\$9M) and Zero Waste initiatives just to name a few. Parks are another area with a long list of needs and parks projects are generally well received by the voters.

Debt Capacity

The body discussed debt capacity and fund balance usage at the December 7th Assembly retreat where direction was given to maintain the debt service mill rate at 1.08. Within limits, we can structure debt to achieve a desired debt service mill rate over time. The figure below illustrates typical terms for bond infrastructure projects. The chart below reflects a couple of hypothetical scenarios.

Name	Ballot Year	Start Year	Duration	End Year	Amount	Rate
PS Communications Infrastructure	2024 - Passed	2026	10	2036	\$ 12,750,000	5.0%
JD WW Treatment Plant	2024 - Passed	2026	10	2036	\$ 10,000,000	5.0%
Schools	2025	2027	15	2042	\$ 20,000,000	5.0%
JD North Crossing	2029	2030	30	2060	\$ 60,000,000	5.0%
Utility	2025	2027	10	2037	\$ 10,000,000	5.0%



Timing

The Clerks must approve a final copy of ballot language to the printers by early August. I recommend introducing an ordinance for a bond proposition no later than the June 9th regular Assembly meeting. This gives you one extra meeting should you need additional public hearing or debate.

- January 8** – AFC: Discuss appetite for potential bond projects in 2025
- February – March:** Joint Facilities Committee/ Utility Advisory Board/ Public Works and Facilities Committee: Develop potential projects under Assembly guidance
- March 5** – AFC: Review potential bond projects
- May 21**– AFC: Set mill rate for final action taking into consideration desired bond projects and their impact on the mill rate
- June 9** – Regular Assembly Meeting: Mill levy ordinance, CIP, and CBJ Budget
- June 9** – Regular Assembly Meeting: Introduction of Bond Ordinance
- July 1** – Regular Assembly Meeting: Public Hearing and Adoption of Bond Ordinance
- July 28** – Regular Assembly Meeting: for Public Hearing and Adoption if needed

Recommendation: Discuss appetite to explore potential bond projects. Refer project development to the appropriate committees with a target dollar amount and a deadline to report back at the March 5 AFC.

DEPARTMENT CAPITAL IMPROVEMENT PLAN 6 YEAR PRIORITIES

Department: Juneau School District

Date: 12/16/2024

Compiled by: Kristy Germain and Mark Ibias

Phone number: 907-523-1740

Note: Round the estimated project cost to the nearest thousand

Priority	Project	FY26	FY27	FY28	FY29	FY30	Future
<i>EXAMPLE #1</i>	<i>Aurora Harbor Rebuild Phase III</i>	<i>\$1,500,000</i>					
1	JSD Annual Deferred Maintenance	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
2	JSD Districtwide Security and Safety Upgrades (Legislative)	\$2,000,000					
3	RAS's HVAC Controls Matching funds: JDHS, HBV, GV, KHE, & TMMS		25% matching	25% matching			
4	JDHS Chef Lab Renovation	\$629,000					
5	JDHS Boiler Room Renovation and Dualsource Upgrade (DEED)		\$3,542,000				
6	Kaxdigoowu Heen Boiler and Valve Replacement, Room Renovation		\$872,000				
7	Glacier Valley and Dzantik'i Heeni Boiler Room(s) Renovation			\$1,198,000			
8	JDHS Partial Roof Replacement (DEED CIP)			\$1,450,000			
9	Districtwide HVAC and Boiler Controls Upgrade: GA, DH, AB, MRCS				\$4,000,000		
10	MRCS Restrooms Renovation and Classroom & Hallway carpet (DEED CIP)				\$2,500,000		
11	Dzantik'i Heeni Gym Floor and Bleacher Replacement				\$2,412,000		
Totals:		\$3,629,000	\$5,414,000	\$3,648,000	\$9,912,000	\$1,000,000	\$0

SIX-YEAR DEPARTMENT IMPROVEMENT PLANS

Division - Project	Priority	FY25	FY26	FY27	FY28	FY29	Future
Schools							
JSD Annual Deferred Maintenance	1	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
JDHS Boiler Room Renovation	2	\$ 1,750,000					
Kaxdigoowu Héen and FDMS Boiler Room(s) Renovation	3		\$ 2,000,000				
Glacier Valley and DHMS Boiler Room(s) Renovation	4			\$ 2,000,000			
Districtwide Facilities HVAC and Boiler Controls Upgrade, Phase I	5				\$ 1,750,000		
Districtwide Facilities HVAC and Boiler Controls Upgrade, Phase II	6					\$ 1,750,000	
JSD Wide HVAC & Heating Control Systems Upgrades	7						\$ 6,400,000
JSD Wide Security and Safety Upgrades	8						\$ 2,000,000
MRCS Restroom renovation and Carpet Replacement	9						\$ 1,750,000
MDAS Renovation	10						\$ 42,000,000
MRCS Renovation	11						\$ 25,000,000
DHMS Deferred Maintenance	12						\$ 23,500,000
JDHS Deferred Maintenance	13						\$ 19,000,000
Riverbend Deferred Maintenance	14						\$ 7,500,000
TMHS Deferred Maintenance	15						\$ 7,000,000
FDMS Deferred Maintenance	16						\$ 5,000,000
Glacier Valley Deferred Maintenance	17						\$ 4,000,000
Harborview Deferred Maintenance	18						\$ 3,000,000
JSD Maintenance Facility Deferred Maintenance	19						\$ 3,750,000
JSD Central Office (Old Dairy) Deferred Maintenance	20						\$ 2,500,000
Gastineau Deferred Maintenance	21						\$ 1,500,000
AB Deferred Maintenance	22						\$ 1,350,000
Schools Total:		\$ 2,750,000	\$ 3,000,000	\$ 3,000,000	\$ 2,750,000	\$ 2,750,000	\$ 156,250,000

MEMORANDUM

DATE: January 8, 2025
TO: Assembly Finance Committee
FROM: Joe Wanner, Chief Executive Officer
SUBJECT: Emergency Department Renovation

BACKGROUND & PROJECT GOALS

Bartlett Regional Hospital's Emergency Department (ED) requires several modifications to (1) implement current infection control and prevention standards, (2) improve throughput of patients and workflow, and (3) enhance patient and staff safety.

As the sole hospital ED for Juneau and numerous surrounding communities, the ED renovation will help the hospital meet the increased healthcare needs of its aging service population and the substantial influx of seasonal visitors.

- Bartlett has an estimated 96% market share of all ED visits in Juneau.
- Juneau's population age 75+ are expected to grow by 37% by 2025 and another 36% by 2030. The ED use rate nationwide of people age 75+ is 40% higher than the overall use rate.
- Cruise ships bring nearly 1.7M passengers and crew members each summer to Juneau.

1) Implement Current Infection Control and Prevention Standards

- There are currently no permanent negative pressure rooms or airborne isolation rooms in the ED – both specialty room types are an infection control best practice, allowing the hospital to provide a safer care environment and reduce the likelihood of infectious disease transmission.
- Negative pressure rooms provide a space to care for a patient in a room with ventilation separate from the general hospital. The negative pressure insures limited contamination of the general hospital ventilation.
- Currently, when the door to a room is open, potentially contaminated air or other dangerous particles inside the room, such as COVID and Tuberculosis (TB), can flow outside into a non-contaminated space.
 - i. This need was highlighted during the COVID pandemic, in which portable high efficiency particulate air (HEPA) filters had to be placed in rooms where confirmed and suspected COVID patients were located. The HEPA filters are large and very loud, making it difficult to talk to the patient through a mask or powered air purifying respirator (PAPR), as well as navigate the room. There are other diseases that require negative pressure that can be seen in the ED, such as TB, severe acute respiratory syndrome (SARS), Middle East respiratory syndrome (MERS), and measles. Juneau is a port of call for cruise ships which bring people from all over the world, thus significantly increasing the risk of disease that would require a negative pressure room or airborne isolation room.

- The ED renovation will create both a permanent negative pressure room and an airborne isolation room (which has negative pressure air flow) to provide space to adequately care for airborne illnesses.

2) Improve Throughput of Patients and Workflow

- The ED has one dedicated psychiatric room. Oftentimes, an adjacent ED room must have all the removable items taken out of that room to provide a safer space for an additional psychiatric patient.
- In the current ED nurse's station, staff can only visualize three out of the four corridors. The fourth corridor (lacks line of sight) is where the one psychiatric room is located, as well as other patient rooms, and has no space for security presence. This creates a significant safety issue. Additionally, the Omnicell, which is a medication dispensing system, is located in the nurse's station in the same area as the emergency medical services (EMS) radios and staff workstations.
- The ED renovation will include a remodeled nurse's station with a 360-degree line of sight and the addition of a second dedicated psychiatric room. Both psychiatric rooms will be moved to the front of the ED for a clear line of sight and ease of access by staff and security.
- The ED renovation will also create a separate space for medication prep and dosing. This is imperative as research suggests that this practice can significantly reduce medication errors by allowing nurses to calculate doses and prepare medications without constant interruptions and distractions.

3) Enhance Patient and Staff Safety

- Currently, there is no dedicated space for security in the ED or the waiting room.
- In addition to the safety enhancements noted above, the ED renovation will include space for a security office in the waiting room. Security presence in ED waiting rooms acts as a deterrent against any potential violence and creates a sense of safety for both patients and staff. This is often a crucial safety measure in ED's due to the high stress environment and potential for people to escalate.

KEY FUNDING POINTS

- Per CBJ procurement policy, to solicit proposals for the construction manager at risk (CMAR) construction contract, funding must be appropriated and set aside for this purpose.
- Currently, Bartlett has appropriated \$3.45M for the project, while the total project cost is estimated at \$12.3M.
- Congressionally Directed Spending (CDS) funding in the amount of \$4M has been authorized, but those federal funds have not yet been disbursed from the Health Resources and Services Administration (HRSA).
- The Bartlett Board of Directors approved the appropriation of \$8.9M in Bartlett fund reserves for the execution of the Emergency Department Addition and Renovation project on July 23, 2024.
- Bartlett plans to fund the remaining \$4.85M from Bartlett fund reserves (\$8.3M total) while continuing to look for additional funding to help reduce the use of reserve funds.

	Ovation of the Seas Capacity 4180			Silver Nova Capacity 728			Seasonal Revenue (2024 capacity)
	Dockage per call	Dockage per lower berth	Docks Enterprise Revenue per season (assumes 21 calls)	Dockage per call	Dockage per lower berth	Docks Enterprise Revenue per season (assumes 21 calls)	
Current revenue	\$15,037	\$3	\$315,784	\$6,243	\$9	\$131,105	\$ 2,535,820
Double foot/ton	\$30,075	\$7	\$631,568	\$12,846	\$18	\$269,769	\$ 5,071,640
\$5/lower berth	\$20,900	\$5	\$438,900	\$3,640	\$5	\$76,440	\$ 3,555,060
\$7/lower berth	\$34,335	\$7	\$721,035	\$14,560	\$7	\$305,760	\$ 4,977,084

Potential Uses for Dockage Fees	
Project	Estimated Cost
Shore Power - AS Dock	\$25,000,000
Shore Power - CT Dock	\$25,000,000
Small Cruise Ship Terminal	\$10,000,000
Seawalk Major Maintenance	\$2,000,000