MEETING NO. 2010-06: The Special meeting of the City and Borough of Juneau Assembly, held in the Assembly Chambers of the Municipal Building, was called to order at 7:00 p.m. by Mayor Bruce Botelho.

I. ROLL CALL

Assembly Present: Jonathan Anderson, Bruce Botelho, Ruth Danner, Bob Doll, Johan Dybdahl, Merrill Sanford, and Randy Wanamaker.

Assembly Absent: Jeff Bush, David Stone.

Staff Present: Rod Swope, City Manager; Kim Kiefer, Deputy City Manager; John Hartle, City Attorney; Laurie Sica, Municipal Clerk; Craig Duncan, Finance Director.

School District Staff and School Board Members present: Mark Choate, Board President (telephonic); Andi Story, Phyllis Carlson, JoAnne Bell-Graves, Destiny Sargeant, Sally Saddler, Board Members; Glen Gelbrich, Superintendent; Laury Scandling, Assistant Superintendent; Deb Morse, Supervisor, Maintenance and Facilities; David Means, Director, Administrative Services.

II. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS – None.

III. SPECIAL ORDER OF BUSINESS

A. Joint Meeting With The Board Of Education To Discuss School District Budget/Programs.

Marc Choate said the Board is very excited about the new budget process, headed by Sally Saddler and Superintendent Gelbrich.

Glen Gelbrich invited the public to participate in an open house on Thursday, March 11, from 6 – 8 p.m. at Juneau Douglas High School (JDHS), to meet the four finalists for the JDHS principal position, and on Friday, public interviews would be held.

Mr. Gelbrich said the Juneau School District and students have benefited from the funding support from CBJ and do not take that for granted. The task in the current budget is to look at the resources they have, determine who the children are who are learning, which children are not learning, and talk about how the work can be done differently. Within the dollar amount available, they will look at shifting resources.

Sally Saddler said a group of 11 community people, including state workers, SEARHC and Bartlett employees, and the legislative budget director, met six times over the summer. Budgeting is not accounting, and we need to create a budget that is a blueprint and align it with our strategic plan. We restructured the budget process. Historically we have had four advisory groups, one for elementary school, middle school, high school, and the district. We determined it would be more efficient to meet collectively. We created key program summaries of the operations we have. This is a beginning and it will take a few years to get where we want to
The summaries outline the goals, objectives, challenges, and numbers for each program component. We know there are no sacred cows and we looked at everything with fresh eyes. The pupil-teacher ratio provides a “formula driven” revenue source and there are discretionary or “non-formula driven” funds. By the end of the group’s discussion, 14 people had taken part – including seven board members, five members of the community, and two members from each of the two bargaining units. We asked for and received lots of information. We hope the budget is clear, accountable, and aligned with the strategic plan to improve student learning.

Mr. Wanamaker asked how close to zero-based budgeting is the process. Ms. Saddler said the process was a modified zero-based budget. We looked at where funds were spent and allocated and if we need to make shifts. Mr. Gelbrich said the conversation that the workgroup had was around the idea of a base budget and a discretionary budget. Some things are automatically rolled forward, with any additional costs figured in, such as employee costs based on the number of students. We have not fully developed the concept yet, but you will see this in clarity a year from today. The board will consider all programs to see if they have demonstrated proven results for the investment. We tried to put the whole budget process in one forum, in a publicly noticed conversation, for full disclosure.

Ms. Danner asked if the budget in the back and the columns in the front of the packet were provided as samples. Mr. Gelbrich said the information provided to the Assembly was a sample, this is a demonstration of an ongoing monthly report and there are four examples that will get expanded to all departments. This information will assist the public and policy makers.

Ms. Story explained how the Preliminary FY2011 JSD Budget, enclosed in the packet, showed the difference between formula driven allocations and discretionary programs. This was done to make programs more transparent to the public. This has also generated good questions and discussion.

Mr. Gelbrich said the notion of “base” and “discretionary” – a modified zero-based approach, is something that will take time and considerable dialogue with the board and community about what is a base part of the program and which parts are considered discretionary. It is not fully developed.

Mr. Means distributed an executive summary of the JSD Budget. Enrollment drives the JSD budgeting process, the funding and the staffing. JSD had more students this year than anticipated. We are seeing improvements in graduation rates and a decrease in the drop out rate. We also saw more kindergarteners enroll. Enrollment is always difficult to project. They hire a consultant every year that projects two years out.

Mayor Botelho said that in the past the enrollment projection had shown a high, medium, and low estimate. Mr. Means said the projections shown to the Assembly were the medium case. Mr. Means said the median projection is relatively accurate.

Mr. Means referred to the packet document called “Support from the City and Borough of Juneau.” After they looked at enrollment and state action, they made some assumptions, one is enrollment, and another is legislative action. JSD is certain that the legislature will fund the school at a base student allocation of $5,680. JSD made a lot of reductions a year ago to the budget. JSD also received stimulus funds and that revenue source will end June 30, 2011.
Mr. Anderson asked about reductions. Given that the budget is formula driven and has increased over time, are the reductions due to fewer students being served? Mr. Means said reductions made in teacher staff were based on an increase in student – teacher ratio, resulting in larger class sizes in grades 3 – 12. This cut out approximately ten teaching positions. Mr. Means said the revenue stream had not dropped in the operating fund budget, there had been some increases, but at the same time, we have had escalating costs in the operating budget. We are about 90% staff driven in our budget, and personnel costs have escalated. Mayor Botelho said that the reductions Mr. Means referred to were reductions in service.

Mr. Doll asked if JSD could defend that jobs have been created or protected with the stimulus funds. Mr. Means said yes, we shifted some critical positions and created some new positions, such as middle school literacy and Tlingit culture instructions, and have preserved positions. He said quarterly reports regarding the stimulus funds are submitted through ADOE.

Mr. Doll asked if the activities funded with stimulus funds were on the margin in 2011 or 2012.

Mr. Gelbrich said there is a general operating fund, we have federal grants and we have stimulus dollars from a few different directions. When we see a significant portion of this revenue will no longer be available in school year 2012, we have until January next year to create a response for how we will continue to meet the needs of students when those resources are no longer available. We were given two directions regarding stimulus funds. One was to not create any non-sustainable efforts and the other was to preserve jobs. We will need to determine, of the things we are doing, what are the things that work and warrant continued funding, and what are the things that are good to have but do not show they are contributing to student success. Mayor Botelho asked if every program would be in the mix for consideration and Mr. Gelbrich said yes.

Mr. Anderson asked how the items to be funded outside of the cap were determined, and how long CBJ had provided funds outside of the cap. Mr. Duncan estimated ten years that funds beyond the cap have been provided.

Mr. Gelbrich said the Assembly has gone beyond the state required funding level and those things funded are allowable beyond the cap, or eligible. How those are determined, he was not sure, as a newcomer. JSD is fortunate for the Assembly’s support. Mr. Anderson said that it was a political decision of the Assembly to provide those funds.

Ms. Scandling thanked the Assembly for the assistance on activities. Eight interscholastic activities were funded by private non-profit organizations, which was uncommon. The activities advisory committee recommended that both the city and the school would allocate additional resources to bring those interscholastic activities into the school district. Management by the non-profit organizations drove up the cost to families for the program.

Ms. Bell Graves said that this had also resulted in fewer door-to-door sales by students fundraising.

Mr. Sanford said in the past the Board has articulated the needs of the district and has convinced the Assembly that the additional funding would result in results that we all could support.
Ms. Carlson said the decision about funding activities also came down to an equity issue, as there were a good number of students unable to participate in activities due to lack of personal funds.

Mayor Botelho said all of this information will assist the Assembly in making tough decisions that are on the horizon and we will all share the pain of reduced revenues.

Mr. Doll said the equity issue was persuasive to the Assembly and asked if increased participation could be documented. Ms. Scandling said that last year all students in interscholastic sports were Bears, but this year there are two interscholastic programs. Her realistic guess is that there will be a more full-blown program in the next two to three years as the school populations stabilize.

Mr. Gelbrich said there was data that there are more students participating in activities than a year ago. At the end of the year, we will have a comprehensive look. Now we have reports from coaches and families about students who were not likely to participate, now participating and taking on leadership roles.

Mr. Anderson said all costs have gone up, but the difference is that JSD’s revenue stream has increased, and CBJ’s has declined. The Assembly is facing this situation.

Mr. Choate said the questions are important and this is why JSD has revamped the budget process. JSD has done a roll over budget in the past. There have been hundreds of hours spent by staff and community members to create a great education and a budget to go along with that. A good school system is a great attractant for people moving to the community, in addition to producing educated citizens. The city has valid concerns about the budget. We also have to look at what is happening in the legislature.

Mr. Wanamaker asked where the new kindergarten students were coming from, if it was from outlying communities or birth increases. There was no answer readily available.

Ms. Danner asked if this was a final budget ready to go or if this was still the early stage, if there is a separate capital budget, and if this information will go out for public comment.

Mr. Gelbrich said this preliminary budget shows the general areas where the funds will be spent. The conversation with public testimony has taken place over the summer and over the last two months. The budget is generally the amounts that will go to the board and the Assembly, but we may change programs included in the budget in a public process.

Mr. Duncan said JSD submits its budget by March 31 to the Assembly. The Assembly has 30 days to identify the amount of local support that it will provide for schools. The Assembly acts generally at the end of May, the state deadline is June 15. JSD is only required to budget for FY11.

Mr. Means said the Capital Budget was part of the CBJ Capital Improvement Program and JSD works together with CBJ staff to develop that.

Ms. Danner asked where Yaakoosge Daakahidi or Charter schools fall into the budget. Ms. Danner said it looked like the Yaakoosge Daakahidi budget was lean. In any investment
regarding children, the earlier it is made, the better. We need to invest in those who are having a difficult time, on an economic basis, as it is a good investment.

Mr. Means said Yaakoosge Daakahidi is a stand-alone, fully accredited school within the JSD system, with 150-160 students in the Marie Drake facility. The Charter school is different in how it is funded and located. It is in rental property and has its own policy committee. The parents are involved and the teachers are responsible for the education. There is a charter and JSD passes on the state funds to them to make their own budget decisions. The other unusual school is at the Johnson Youth Center.

Mayor Botelho thanked the JSD Board and staff for its time and said this meeting was a way station in the budget sessions.

B. West Douglas Road Extension

Mr. Swope distributed a letter he sent to the Governor’s office, dated March 4, 2010, regarding summary information on the North Douglas Crossing Project and requesting assistance. Attachments included preliminary cost estimates and maps of the various possible crossing alignments.

Mr. Wanamaker said as a member of the Goldbelt Board of Directors, he might have conflict of interest regarding this discussion. He asked for a ruling and permission to step down.

Mayor Botelho ruled that Mr. Wanamaker did have a conflict and asked if there was any objection. Hearing no objection, Mr. Wanamaker sat in the audience at 7:17 p.m.

Mr. Swope said CBJ staff and the Goldbelt Board and staff have developed a revised Memorandum of Agreement (MOA), which will appear on the next Lands Committee and Assembly Committee of the Whole agendas on March 22. $2.9 million remains in the State of Alaska Department of Transportation (DOT) budget for a project, broadened in definition to include Gastineau Channel Dredging, North Douglas Crossing Environmental Impact Statement (EIS), and West Douglas Road Extension. He encouraged the Assembly to suggest a plan for those funds to DOT. He proposed that the Assembly request that all, or a portion of those funds, be used for the West Douglas Road extension.

Mr. Dybdahl said he favors using all or most of the funds for the West Douglas extension. In any EIS, CBJ will be required to justify the need for the North Douglas Crossing. The need for growth in the community is in the West Douglas area and this road extension will assist in that growth.

Mr. Anderson agreed and said an EIS was farther out in the future. The West Douglas Road extension could happen now and he supported the project.

Mr. Sanford asked for a briefing on the Glick report, as this would guide his decision making process.

Mr. Hartle said that Consultant Richard Glick said an analysis of alternative routes would be required of the North Douglas Crossing Project. Section “4F” of the Transportation Act applies, and a full EIS and full NEPA process would be required. The EIS is estimated at $13 million. Basically, he said there is no easy way. He recommended an act of the state
legislature designating the corridor section be removed from the refuge, but that would not forestall the requirement for full NEPA review.

Mayor Botelho asked if Mr. Glick had indicated whether the city would be able to obtain or surmount a 4F analysis that would allow a crossing to ultimately take place.

Mr. Hartle said Mr. Glick seemed quite optimistic that this is possible. The Federal Highways Administration gave the most favorable analysis of all the agencies contacted. The least favorable were the state agencies, and that issue could be addressed by legislation. The Mendenhall Wetlands Game Refuge was created by state statute and it could be amended by statute. CBJ would have to weigh the risk of the outcome of the bill not passing, and what that could mean for the project.

Mr. Sanford said there would be a minimum of $14 million into a crossing study before proceeding, and if that was the case, he had no problem supporting the funds being used for the West Douglas Road extension. Mr. Hartle said that taking 13 acres from the refuge for the federally mandated runway safety area expansion cost millions of dollars.

Mr. Doll asked if there are other projects in connection with the West Douglas project, other than the road, that could be done with the $2.9 million, and if this was the most strategic use of the funds.

Mr. Anderson said the current budget designation was for the three listed potential projects, which was the limiting factor. CBJ could request that DOT change the project designation again.

Ms. Danner asked if CBJ had determined that dredging the Channel was not a desired project.

Mayor Botelho said that initially, Governor Murkowski was interested in the channel-dredging project. It was thought that the fill derived might have supported the construction of the causeway in order to reduce its cost. The dredging was only in that context. These funds are potentially a target in a budget sweep, which happens periodically when budgets get tight. One of the advantages here is that there is an existing project that can use the funds rather than the funds being lost.

Mr. Sanford said he did not want anyone to forget that when the Assembly put $1.3 million into the Rainy Day Account approximately five years ago, one of the suggestions for use of those funds was for progress on the West Douglas development. Because we did not have a place to put those funds, it was put in reserve. There was no vote, but it was discussed that the Assembly should not hesitate to spend those funds on West Douglas development if the funds were needed. Mr. Sanford asked about Mal Menzies’ work on the road alignment in the late 1990’s and if that information could be used now. Mr. Anderson said Heather Marlow said all information would be considered, but there would still need to be an assessment of the potential routes, the environmental issues, the costs and then it is a matter of agreement between CBJ and Goldbelt on the route.

Mr. Sanford said he supported the $2.9 million be used to start on the West Douglas Road extension.

Mr. Doll asked how much of the project could be done with $2.9 million.
Mr. Swope said staff estimated and discussions with Goldbelt indicated that the alignment, the permitting, the timber clearing, and a substandard road could be built to the deep-water port.

Hearing no objection, the Assembly will direct the manager to make the $2.9 million available for the West Douglas Road extension.

Mr. Wanamaker re-joined the meeting at 7:27 p.m.

Mr. Swope said the Assembly received a request from the Alaska Alliance for Cruise Travel from Holly Johnson, requesting $2,500 to apply to the cost of a trade show booth this spring in Miami, Florida. He asked for direction from the Assembly.

Mayor Botelho asked if there were sufficient funds in the Better Capital account, and Mr. Swope said yes.

Mr. Sanford asked about using the cruise ship head tax as a source. Mr. Swope said he did not know if this type of expense would meet the intent of the legislation.

Ms. Danner said she attended a meeting of Alaska ACT. The Juneau Convention and Visitors Bureau is involved. It is important for Juneau to advertise itself, and this seems a modest request to get more visibility for Juneau.

Mr. Swope said Alaska ACT is paying $25,000 for the booth fee. All funding will go for that purpose. Travel expenses will be paid privately. Ketchikan and its KCVB are paying $2,500 each, Skagway is paying $2,500, Sitka is paying $2,500 and the rest is coming from private contributions.

Mr. Doll asked for an assurance that this group will not get into the battle over the cruise ship head tax and will focus on cruising in Southeast.

Mr. Dybdahl said the group’s focus was not limited to cruising in Southeast, but in selling Alaska as a destination. There has been no presence at the table from the state or otherwise, and Alaska is in competition with Canada, the east coast, and other cruise destinations. We hear that the State of Alaska will have a presence at this Seatrade Convention for the first time in many years, if ever. We have to be more aggressive in the world market and sell Alaska. Alaska used to sell itself, but that is no longer true and the effort is needed.

Hearing no objection, Mayor Botelho instructed Mr. Swope to share Mr. Doll’s concern that the effort be aimed at marketing and to approve the expenditure of $2,500 to Alaska ACT for its participation in Seatrade.

IV. ASSEMBLY COMMENTS AND QUESTIONS

Mr. Doll said he attended meetings of the Southeast Waste Management Authority last week at Southeast Conference, along with Mr. Anderson and Mr. Sanford. He asked if CBJ wants to become a member of the organization. There is no obligation of funds at the moment. At some point, it will have assets and will charge for memberships. From discussion of trash and mandatory pickup, we may have to move past recycling and go to solid waste disposal if we conclude we want to build the incinerator. We may determine that we could take their trash.
There are a large number of issues. If we were generating energy, we would want to burn everything we could. The first step is to participate in the board meetings.

Mr. Anderson said Juneau should have a seat at the table and this is a symbol of Southeast solidarity. This is one of the bigger issues in Southeast and we should listen and hear what is going on.

Mr. Sanford said he would like to be a part of the solution for a total picture of Southeast. He asked when to have the ordinance before the public, and currently we do not have control over our waste stream. He did not know how much good Juneau could do other than listen and advise.

Mr. Doll said the authority would get some funding from the state. CBJ would have to put this on our ballot, it is an opportunity and one we should give further thought to.

Mayor Botelho suggested the issues of solid waste needed more time spent by the Assembly than a regular meeting of the COW would allow. He asked if the Assembly would be willing to meet on a Saturday for an extended meeting on the subject.

Hearing no objection, Mayor Botelho asked the clerk to poll the members for their availability in April for a Saturday meeting to discuss waste management.

Mayor Botelho noted distribution of a memo from the clerk on election time frames for the October 5, 2010 Regular Municipal Election.

Mr. Anderson asked if there would be discussion with JSD regarding school bond issues. Mr. Swope said that the CIP was in process to evaluate Auke Bay Elementary regarding a renovation or a re-construction, but the assessment is still underway, so he did not anticipate any decisions in the near future.

Mayor Botelho said he would be out of the country next week and Mr. Wanamaker will be Acting Mayor.

V. ADJOURNMENT -7:43 p.m.

Signed: __________________________ Signed: __________________________

Laurie Sica, Municipal Clerk       Bruce Botelho, Mayor