MEETING NO. 2008-14: 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 5 p.m. by Mayor Bruce Botelho.

I. FLAG SALUTE was led by Mayor Bruce Botelho.

II. ROLL CALL

Assembly Present: Jonathan Anderson, Bruce Botelho, Sara Chambers, Jeff Bush, Bob Doll, Johan Dybdahl, Merrill Sanford, David Stone and Randy Wanamaker.

Assembly Absent: None.

Staff Present: Rod Swope, City Manager; Kim Kiefer, Deputy City Manager; John Hartle, City Attorney; Craig Duncan, Finance Director; Bonnie Chaney, Budget Analyst; Beth McEwen, Deputy Clerk.

III. PUBLIC HEARING

Mayor Botelho asked to suspend the order of business to obtain an update on the energy emergency and to hear a staff report from Mr. Hartle before Assembly comments and questions. Hearing no objection, it was so ordered.

Mr. Swope said that Major General Campbell called Mr. Swope after the meeting with the Disaster Policy Cabinet, which discussed Juneau’s request and reviewed the facts presented. The Cabinet determined that the local disaster emergency, as declared by the City and Borough of Juneau, did not qualify for state disaster assistance.

Mayor Botelho asked Tim McLeod, General Manager of Alaska Electric Light and Power (AEL&P) for an update on the status of the transmission line repair project. Mr. McLeod said Eric Erickson, the project manager, reported that there are ten linemen on site at some of the towers which are safe to access, and some work is being done at Snettisham. Communications are up, and a total of 18 people are on site to do the work. Some of the towers are put together and ready to go. They had to order some parts for one tower, but good progress is being made. They have an avalanche crew on site.

A. Resolution 2442

An Emergency Appropriation Resolution Appropriating $3,250,000 to the Manager For a Grant to the United Way of Southeast Alaska, and a Loan to the Juneau Economic Development Council, for Energy Assistance to Residents and Small Businesses, and For Energy Conservation Measures, Funding Provided by the Budget Reserve.

Administrative Report: Attached. The manager recommended Resolution 2442 be adopted.

Mayor Botelho said he had asked representatives of the United Way (UW), Brenda Hewitt; Catholic Community Services (CCS), Rosemary Hagevig and the Juneau Economic Development Council (JEDC), Brian Holst and Mark Mickelson to be present for this discussion.

Brenda Hewitt said UW was a tool to get money into the hands of those most needy. We know that many of these people are already in programs, and we are most worried about those people who are in the next level that will be impacted by the gigantic increase in utility billing. We have worked with Catholic Community Services to try to make sure there is a component in this package that addresses conservation, an intake form that allows us to take into consideration variations in a person’s income.
and needs, and we can also implement a program that allows financial stability classes to be taught before re-filing for each application period. The money would not go into the hands of individuals, but would be a voucher program and the money would be sent directly to AEL&P on a weekly basis. We would require proof of identification and the person that is the account holder would be receiving the funds. We are working with AEL&P for joint cooperation, so that if the individual does not have a copy of their bill, we can get that from AEL&P and we will share intake information to prevent fraud.

Rosemary Hagevig, Executive Director, CCS, introduced Cameron Flynn, who has been on staff for one year and comes from Catholic Charities Western Washington, and has experience running energy assistance programs. The national organization has significant experience in responding to emergencies, so we have thoroughly considered how to customize a response to Juneau. CCS provides services to families, primarily with children, and through Southeast Senior Services and the Hospice programs deal a lot with elderly and their families. We have considered that some will be protected due to the type of housing they live in, at least initially. We are also very concerned that there is an additional layer of individuals and families that is just above the level that would be receiving services from agencies such as ours. Many are young families in tight housing situations and elderly struggling to maintain their independence and have not presented themselves for services. Our goal is to keep the people at these tiers from sliding into the need for regular services. We don’t have the wherewithall to address their immediate need for paying their utility bills. We are looking at people who make it from payday to payday, and may or may not be eligible for usual assistance programs. By facing this issue head on at the beginning, we hope to allay a more serious impact on the community and the economy. One example is the ability to maintain the number of child care slots in the community. The worst thing that can happen is these slots disappear, and then there aren’t the people to work, and the incomes coming in to pay utility bills. We have about 300 families in Juneau on child care assistance. There are a number of other pieces to eligibility, including food stamps, Denali Kid Care, homeless assistance, etc.

Mark Mickelson, President of the Board of Directors of JEDC, said they believe they have a role and can provide some meaningful assistance in compliance with their charter and mission, dealing with the maintenance and support of existing businesses. We love to bring in new businesses, however, we are in a crisis mode, and many businesses face the same challenges as individuals in regard to the cost of power. We have created a program in conjunction with our revolving loan program and our outreach to Juneau businesses, and we support this program’s creation.

Brian Holst, Executive Director, JEDC, said the magnitude of the impact on the business community is still unclear, but we can estimate that small commercial enterprises pay about $245 per month and if the rates go up 4 – 5 times, that is an additional $1000 per month for those businesses. If you pull this over a few month period, more businesses will be out about $4 million in electricity bills over the next few months. This does not take into consideration large commercial users. The assistance the Assembly would provide will only meet a fraction of the need that exists. We have outlined a simple program we can manage to mitigate the economic impact on the businesses. The purpose of the loan would be to pay for electrical bills. The loans would be no more than the incremental cost of electricity and the eligibility criteria would be based on demonstrated need and hardship without the assistance. We have used typical loan terms. We have not had the time to put together a detailed loan program, but we estimate that no individual company would receive more than $10,000. We would make the process as simple as possible – no application fees, we would charge interest, will have some energy conservation incentives, and these would be recoverable loans. Under the Small Business Administration FEMA rules, we are not eligible, but they have structured systems in place that we will use as a model. There are a couple concerns – this is a loan program appropriate in assisting the business community. In these circumstances there is a higher rate of default. The cost to manage would be recovered through interest, typically, however, we would work closely with the city manager to provide pricing to determine if we are providing access to credit or inexpensive credit, in which case the cost to administer the program would have to be borne elsewhere. We have to manage expectations in the community so that people understand that loans can only go to those in need.
Mr. Sanford asked about the eligibility criteria for the individual programs. Ms. Hagevig said she knows there is not enough money for all the needs, but they need to give people some hope and a portion of what they need. Each case would be managed individually. We are considering 20 – 25 cents per kilowatt hour (kWh) as a donation, depending on their exercise of conservation measures, and their participation in financial literacy classes. We believe that loan programs are not practical for individuals, and the wording in the resolution would need to be changed, to consider these grants. None of the grants would exceed $500 per customer, and depending on their circumstances, would be adjusted on a per customer basis through analysis by case management.

Mr. Doll said if approved, there would be some assumption that there will be no prices increases on a business side of the equation. He asked JEDC if there was any way to address this.

Mr. Holst said the leadership of Juneau needs to address this with the community. The cost of electricity is a cost of doing business and we can expect some of the costs to be absorbed by the people doing business, some businesses are able to absorb costs, many will not be able to and will need to pass those costs on to customers. The tone we set to the business community to do this, either by a surcharge being posted, or an understanding of rising costs, businesses should have an ability to pass along a portion of these additional costs.

Public Comment:

Reed Bowman, Director of the Red Cross for Southeast Alaska, said they were not related with this grant program in any way, but spoke in support of this. We have already seen fires created by people switching off their electric heat and bringing in alternate fuel sources into their homes. The second day after the disaster people were already so concerned with the prices that one family brought in a kerosene heater and we almost saw six people dead if the fire department had not responded in a timely manner. This will provide a little hope to allay fears.

Assembly Action:

MOTION, by Anderson, to adopt Resolution 2442.

Mr. Anderson said that this appears to be a substitute action for Resolution 2441, and since this was a similar amount that had been suggested to go to AEL&P to set up repayment plans with AEL&P. Resolution 2442 appears to address the concern of assisting the most vulnerable persons, but it does not address the issue of voluntary repayment plans with AEL&P. He would appreciate hearing from AEL&P on ways they can set up payment plans with their customers.

Tim McLeod, General Manager, AEL&P and Scott Willis, Power Generation said they spent some time reviewing the state regulations and tariff to find some answers to this issue. Mr. Willis said what could be done by AEL&P most quickly and easily were those items already specified in their tariff. The tariff provides for deferred payment agreements. If there is a demonstrated economic hardship to paying the electric bill they are entitled to have a payment agreement to stretch the payments out between 3 – 6 months. These agreements are written and they are very specific. We will work with customers to provide this. There is another provision in our tariff that allows for a levelized billing option and this is available to “all-electric” residential customers and “all-electric” small commercial customers, which allows a projected cost to be spread over one month. We have talked about broadening this for all customers, this would take a tariff change. There is a finance charge and we have discussed lowering this without the requirement to modify the tariff.

Mr. Doll asked how AEL&P was to know if a home was “all-electric.” AEL&P relies on consumers statements to verify this. Mr. Doll asked if this scenario was to be chosen by customers, what would this do for AEL&P’s ability to purchase fuel. Mr. McLeod said it made it somewhat difficult,
although this was not an option for large businesses and government, which helped. They have available to them a line of credit which they believe will pull them through these conditions.

Mr. Anderson asked if AEL&P did a filing to allow levelized payment for all customers, when would this take effect. Connie Hulbert said that a 45-day statutory notice period was required between tariff changes and the RCA action was based on their case load. Mr. Doll asked how much of the 45 days was a public comment period. Ms. Hulbert said that was up to the commission.

Mr. Wanamaker asked if the city was to provide an interest-free loan for 12 months, would that be a genuine aid to the company that would be passed on to the customers. Mr. McLeod said it would.

Ms. Chambers said that the money proposed to go to customers as a grant that would go directly to AEL&P in the amount of $1 million in this resolution, would that million be factored in to your scenarios. Mr. McLeod said it was very helpful and we have assumed a certain level of bad debt in our calculations, but this type of contribution would certainly be helpful.

**MOTION, by Bush, to amend section three, page two, line 5, after the word “loan,” to insert “and/or grants.”**

Ms. Chambers asked if UW was considering loans at all or was it only grants. Mr. Bush said his understanding was that it was only grants.

Mr. Wanamaker asked for some clarification on grants vs. loans. Brenda Hewitt said they had done some loans with move in deposit money. The problem comes with this requiring a case worker to make sure the loans get paid back and we are not set up for the magnitude that this would create for us, particularly with a 1% administration fee. If we were to develop a loan program it would be outside of this scope. With the $1 million, and the population in need, are probably not particularly loan-worthy, and that is one of her biggest fears. Mr. Wanamaker asked how it would be determined who would obtain grants and who would obtain loans.

Mr. Bush said that his amendment was to allow flexibility, as at this time they only intend to provide grants, and it does not require one or the other type of funding.

Mr. Wanamaker said he was not comfortable with this, as the city had many needs, and if we are just going to give people money, we need to know all the criteria for the expenditure of $1 million, and without this, he was not ready to support this.

Mr. Dybdahl asked UW to explain the percentile used in their calculations. Ms. Hewitt said that in viewing a bell curve of the population, there was 6 – 8% of the population that was below the poverty line and considered “very poor.” There is then “poor” and “moderately poor.” We are not even looking at the median family income, but at 25 – 30%. We don’t know how many people will apply, and will be looking at similar numbers which apply for Denali Kid Care. We have professional intake workers that tailor these programs to each family.

Mr. Anderson said he was impressed by the number of public comments he had received supporting the city providing assistance grants to people most in need. This resolution accomplishes this.

**MOTION, by Anderson, to strike the word “loans” in the amendment.**

Mr. Bush said he would rather permit UW the flexibility to operate. This is early in the process. Leaving the word “loans” in there does not affect their ability to help people.

Mr. Anderson withdrew his motion to amend.
Ms. Chambers generally supported the amendment and asked if the money was issued as a grant, and then determined a loan would be in order, would UW financially benefit in any way. Ms. Chambers said we needed to be clear if it was a grant or a loan to UW.

Mayor Botelho said that the resolution now is for a grant, and the motion was to allow the flexibility of a loan as well as a grant. Ms. Chambers said that if UW was allowed to offer loans, the interest would not come back to the taxpayers, and perhaps some statement about a “financial windfall” be returned to the city was in order.

Mr. Bush said his intent would be that any unused funds would be returned to CBJ after administrative expenses were paid, and this could be the subject of a separate amendment.

Mayor Botelho asked to make such a ruling, and that a roll call could be taken on the amendment.

Roll call on the amendment:
Aye: Anderson, Chambers, Sanford, Bush, Dybdahl, Stone, Doll, Botelho
Nay: Wanamaker
Motion passed: 8 ayes, 1 nay.

After a brief recess, the Assembly returned to order and the amended Resolution 2442 was before the Assembly.

Mr. Wanamaker asked if procedurally was the Assembly acting properly in addressing this new Resolution 2442 first before Resolution 2441 (2nd am) that was before the Assembly from the last meeting.

Mr. Hartle said that both resolutions were on the agenda and were appropriate for comment. Acting on one may impact another, however, there was not any prohibition on the order of the agenda.

Mr. Wanamaker appreciates the intent of both resolutions. He was concerned about the movement to address them. We have seen a lot of confusion and not enough thought has gone into the resolutions, and the immediate urgency time has passed. We are looking for the most effective way to address those in most need and I don’t think we have found it yet. Mr. Wanamaker preferred to refer this matter to staff to give them an opportunity to work with the non-profit agencies to establish guidelines on how this program will work and report back to us on May 12. The task force on affordable housing can also comment. There is a genuine need out there, but we need clarification.

Mr. Stone said there is a sense of urgency in that we will all have a real shock when we see our bills.

Mr. Doll supported the resolution and had a further amendment.

Mr. Dybdahl supported the resolution and thought it was an urgent issue. He trusts the agencies and staff to administer a fair program.

**MOTION, by Doll, to amend the resolution to add to section 3, A, line five, after the word “residents,” add “and non-profits.”**

Mr. Wanamaker asked what types of non-profits were in mind of the maker of the motion. Mr. Doll said everything from Perseverance Theatre to health care services. Mr. Doll said we have spelled out residents and businesses, and we don’t want to lengthen the resolution to spell out everyone, but there is a class of activities that do deserve our attention and he wanted to leave no doubt in the manager’s mind.
Mr. Wanamaker said he was concerned again that with this rush, it may not be well thought out. He supports non-profits, but there are different categories, some provide essential health and social services for the public welfare, but if we include everything, we may dilute the effort.

Mr. Anderson asked if JEDC would make the determination. Mr. Doll said he wanted it specific to the manager that non-profits should be included.

Mr. Bush agreed with Mr. Wanamaker, he did not have a concern with grants to non-profit health care agencies, but he did have a problem with a non-health and social service type organization obtaining grants.

Mayor Botelho asked if there was a general sense if the Assembly could, through the grant or loan programs with JEDC, address health and social service type organizations. He asked that the Assembly act unanimously, but as the manager develops his approach with the UW and JEDC, that our concerns are expressed. Childcare had been one of UW concerns.

Mr. Wanamaker said the vast majority of childcare for the poor and working poor were within private homes and that was where the real need was. Childcare services are paid for by people who are able to pay, but there are those that don’t have the ability to pay.

Roll call on the amendment:
   Aye: Chambers, Sanford, Anderson, Bush, Doll, Stone, Botelho
   Nay: Dybdahl, Wanamaker.
Motion passed, 7 ayes, 2 nays.

MOTION, by Chambers, to add a section 3, to become subsection C, “all funds remaining in the United Way program, including interest earned by United Way on any loans after 24 months shall be returned to the CBJ.”

Mr. Wanamaker asked if during the course of the program, if interest compounds and United Way uses this to help maintain the program, would that be any kind of violation of this motion.

Ms. Chambers said she could go either way on that, and could change it to say “any interest remaining.”

Mr. Bush said this issue is already handled because we have the authority of the manager to negotiate an allocation of funds. Assuming that the 1% already authorized under section 3 for administration, whether that is taken out of interest or principle, will be covered.

Mayor Botelho said that 1% was merely a token amount, and any institution offering such programs would find the costs to be much higher.

Ms. Chambers said her intent was optimistic and that both Ms. Hewitt and Ms. Hagevig will come up with a program that will be fleshed out with the manager and knowing them I believe the potential for opportunities will be developed. If we are to allow creativity and growth, we need to assure the public that the funds will be accounted for.

Roll call on the amendment:
   Aye: Doll, Stone, Chambers, Anderson, Bush, Wanamaker, Botelho
   Nay: Dybdahl, Sanford
Motion passed, 7 aye, 2 nay.

Mr. Wanamaker asked for a sense of the body that action on this should be deferred to ensure that we have all the information for how this program will work, and the word gets out to all to allow people to
participate. He felt this issue was being rushed, and the number of amendments demonstrated that lack of clarity. We need to make sure that we do the community the most good.

Mr. Sanford asked how long this review would take – a week, two weeks?

Mr. Wanamaker suggested a report back at the Finance Committee meeting of May 10.

Mr. Anderson said Mr. Wanamaker’s desire for a sense of the body could be achieved by a motion to table the resolution.

Mr. Doll said that one of the unspoken objectives was to eliminate, or minimize to the extent we can, the uncertainty that surrounds this situation on the part of residential consumers, and what must be an enormous uncertainty on the part of business consumers, and to alleviate some of the comments that have not been exemplary and which need to be addressed expeditiously. He understood the effect of acting precipitously, but there was a real value to put out something that the public wants.

Mr. Wanamaker spoke again for more time to do this in a more thought out manner, even though there are good intentions behind the actions, a few more days will give us a better product.

Mayor Botelho said that the charter required seven votes in the affirmative to pass this emergency appropriating resolution.

Roll call on the main motion, as amended:
Aye: Bush, Chambers, Dybdahl, Stone, Anderson, Doll, Sanford, Botelho
Nay: Wanamaker
Motion passed, 8 ayes, 1 nays.

IV. UNFINISHED BUSINESS

A. Resolution 2441(2nd am)
   An Emergency Appropriation Resolution Appropriating $3,250,000 To The Manager For A Loan To Alaska Electric Light And Power, And For Energy Conservation Measures, Funding Provided By The Budget Reserve.

Mayor Botelho asked David Stone to step away from the meeting based on a conflict of interest which had been established at a previous meeting.

   Administrative Report: Attached. The manager recommended this resolution be tabled indefinitely.

   MOTION, by Anderson, to table Resolution 2441(2nd am) indefinitely.

   Mr. Anderson appreciated the work of AEL&P, and of hearing of the levelized payment and deferred payment options they found available within their tariff, and urged tabling of Resolution 2441 (2nd am) indefinitely.

Hearing no objection, it was so ordered.

Mr. Stone rejoined the meeting.

Mr. Hartle notified the Assembly that the city had been sued over a requirement of the project labor agreement on the Harborview School renovation project, the lawsuit is from the Associated Builders and Contractors of Alaska and William Shattenburg. He will be retaining outside counsel due to the urgency of the case as they are asking for a temporary restraining order. We will know the answers very soon.
V. ASSEMBLY COMMENTS AND QUESTIONS

Mayor Botelho said that Juneau has done an exemplary job of cutting its electric use, and Dr. Alan Meier noted that Juneau is off the charts in energy conservation. His concern is how to maintain this initial push to conserve, and we all need to be vigilant in this respect. There are natural habits that need to be changed, and this community has risen to the challenge. We have the good wishes and will see the cooperation of the federal and state government where they can, but we will need to be our own “knights in shining armor” and people are up to the task – Juneau will be better for this. Central Council of Tlingit Haida are making a concerted effort with their tribal members and have sent a newsletter out on energy conservation and are doing their part – it is just another example of what is going on.

Mr. Wanamaker expressed his appreciation for United Way, Catholic Community Services, and AEL&P for the ways to provide meaningful assistance to the general public. His concern has only been with the methodology and that the best programs be made available. He encouraged all non-profits be reached out to in this time, as broadly as possible.

Ms. Chambers echoed Mayor Botelho’s and Mr. Wanamaker’s comments and the nature of the emergency makes a somewhat messy process, but we are doing the best we can to enable AEL&P to let customers know where to find assistance and CBJ and other parties will be working to get the word out as Mr. Wanamaker has suggested. She felt very proud of the community.

VI. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

Maureen Connerton, Dixon St., encouraged the Assembly to consider delaying a few CBJ projects funded by sales tax and redirect that money into a CBJ fund that will pay for some of the emergency costs to consumers across the board, including the entire community and businesses. Some could be used to increase the $1 million. The Assembly has authority to redirect funds in this manner. Juneau would still need to conserve. When electric rates return to normal, the emergency fund would return to its prior allocation. Some projects would be delayed but the entire economy would benefit. The benefits of a quick return to a healthy economy far outweigh the benefits of any of the projects.

VII. EXECUTIVE SESSION – None.

VIII. ADJOURNMENT – 6:40 p.m.

Signed:_______________________________   Signed:_______________________________

Laurie Sica, Municipal Clerk     Bruce Botelho, Mayor