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TO: Mayor Weldon and Assembly  
DATE: June 9, 2021  
FROM: Rorie Watt, City Manager  
RE: Norwegian Cruise Lines Donation

Norwegian Cruise Lines has offered to donate \$2M to the CBJ to assist in the recovery from the pandemic and the loss of all of the 2020 and at least some of the 2021 cruise ship seasons.

In talking to NCL, they have represented the logic of the donation in simple terms:

- NCL has assisted other ports in other countries that have experienced natural disasters.
- NCL believes that the locally elected officials are best situated to decide how to expend the funds.
- NCL believes that the cruise ship port communities in Southeast Alaska are the hardest economically hit in the entire world from the COVID-19 pandemic.

The Assembly may decide whether to accept the donation; I understand why the Assembly may feel uncomfortable in receiving these monies. In particular:

- A. NCL has a large development project that must go through public process
- B. Citizens were proposing Charter amendments; the Assembly may wish to remain and appear to remain neutral on citizen rights to initiative and referendum.
- C. Public perception – it is very unusual for a private company to donate funds to a government.

All that said, in my opinion, the Assembly is best situated to make financial decisions for the community. While it may make you uncomfortable, the responsibility to make tough decisions is why you all ran for office. Moreover, the notion that the funds could influence your decisions rests solely on the Assembly and the answer is simple – accept the funds and weigh all future issues impartially, the same as the Assembly always has done.

**Recommendation:**

By motion, the Assembly should decide on whether to accept the \$2M donation from Norwegian Cruise Lines. If the answer is the affirmative, the Assembly is under no time constraints to make decision on distribution of the funds.

Objection by Mr. Bryson.

Ms. Gladziszewski spoke in support of this motion, saying she felt it was wise to assign a hearing officer to this appeal.

Ms. Hughes-Skandijs asked Mr. Palmer to explain who would be chosen to represent the Planning Commission if the Assembly were to assign a hearing officer to this appeal. Mr. Palmer said that it could be possible that the City would need to hire two private attorneys to represent each entity.

Objection by Ms. Hale. She felt that this appeal was going directly against a private citizen, and she said she felt uncomfortable to have the government play a role in that.

Mr. Jones clarified that the ordinance which established the appeal states that the Assembly is not permitted to look at the end result, they are only allowed to decide on whether it is grounds for an appeal. He added that he believes the Assembly has to accept the appeal and follow the set process.

Ms. Gladziszewski asked Ms. Hale to clarify if she objected to the entire appeal, or the hearing officer aspect of the appeal. She also echoed Mr. Jones' statement regarding the Assembly's lack of discretion when accepting appeals, adding that the issue is not whether the Assembly believes the matter is valid or not.

**Roll Call Vote to Accept the Appeal:**

Ayes: Jones, Gladziszewski, Triem, Hughes-Skandijs, Smith, Woll, Mayor Weldon.

Nays: Hale, Bryson.

*Motion passed. Seven (7) Ayes, Two (2) Nays.*

**C. Norwegian Cruise Lines Donation to CBJ**

Mr. Watt explained that Norwegian Cruise Lines had offered the Assembly \$2,000,000 as a donation. Due to the public comment received on this topic, Mr. Watt felt compelled to give the Assembly his advice which he included in the memo in the packet. He reminded the Assembly that it is up to them to make a decision.

**Public Comment:**

Karla Hart, a Valley resident, said she was speaking on behalf of herself and Kim Metcalfe in opposition to CBJ accepting the \$2,000,000 donation. She urged the Assembly to refuse this offer, saying that receiving the funds would create the appearance of impropriety, and an implied quid pro quo relating to the project. Ms. Hart recommended the Assembly ask NCL to send the donation directly to the Juneau Community Foundation.

**Assembly Action:**

**MOTION** by Ms. Gladziszewski for the Assembly to accept the \$2,000,000 donation from NCL, and then to discuss what to do with funds at a later date.

Ms. Gladziszewski spoke to the countless amount of meetings the Assembly has held over the past year to address the impacts of COVID-19 on this community, and said that they are in a position to decide how to move forward with this donation from NCL.

Objection by Mr. Jones. He said that this was inappropriate, bad timing by a corporate entity that should not have been brought to a municipal government. He added that NCL is forcing the city government to make a decision, and that this would taint the Assembly's decisions either way moving forward. Mr. Jones did not support accepting the donation to give it to another entity, because he felt that NCL should have given that money to several different agencies or organizations instead of putting the Assembly in a bind. He also noted that if the Assembly were to accept this money, then they would need to hire an independent hearing officer for all future NCL appeals due to the conflict of interest.

Objection by Ms. Triem. Ms. Triem objected for the same reasons as Mr. Jones, and mentioned that it was inappropriate considering that the Assembly will be making decisions about a future NCL project. She also spoke to the risk of losing public trust in the Assembly if they were to accept this offer. Ms. Triem supported recommending NCL direct their donation towards other local organizations and entities in the community.

Objection by Mr. Smith for the purpose of a question. Mr. Smith asked Mr. Palmer to clarify Mr. Jones' comments regarding the Assembly needing to appoint a hearing officer on any future NCL appeals.

Mr. Palmer explained that the principal permit that NCL would need for a dock is a Conditional Use Permit issue by the Planning Commission, and separate from the Assembly. However, if NCL were to file an appeal on the Planning Commission's decision, then the Assembly would have to appoint a hearing officer *if* they were to accept the NCL donation today.

Mr. Watt reminded the Assembly of the February 1 COW meeting at which he provided a memo detailing a proposed process regarding any NCL appeals.

Mr. Smith removed his objection.

Mr. Bryson spoke in support of the motion to accept the donation from NCL. He mentioned that the Assembly has received funding from federal and state entities in the past, and NCL just happens to be a corporate entity. He added that the public would be fully aware and able to participate in the process involving the NCL dock. Mr. Bryson said that it would be a foolish and fiscally irresponsible decision to reject this money that could go towards helping a community in a time of need.

Objection by Ms. Woll for purposes of a question. Ms. Woll referenced that there was mention that NCL has given gifts to other communities in times of disaster. She asked the Manager if there was any other information about the donations to other communities.

Mr. Watt shared that he received a verbal report from NCL about assisting communities in the Bahamas but he did not have any further information about what may have been done with other communities.

Ms. Woll maintained her objection, and suggested NCL find other entities within the community to whom they might provide the donation.

Objection by Ms. Hale for purpose of a question. She asked if Mr. Watt had any sense if the Assembly rejects the offer, whether NCL would be willing to make a donation to another entity within Juneau.

Mr. Watt said that he thought NCL would take that direction from the Assembly, and doubted that there would be an issue with that direction. Ms. Hale appreciated the generosity of the offer. She would prefer for NCL to donate to another entity in the community without input from the Assembly.

Ms. Hughes-Skandijs appreciated hearing everyone's thoughts. She shared that her original intent was to direct the Manager to encourage NCL to make the donation to another entity within the community. She spoke to the issue of the Assembly needing to keep trust with the community and that the Assembly should maintain their impartiality.

Mayor Weldon appreciated the conversation as this is a tough decision. Although it is a very generous offer and she appreciates the offer, she is worried about the trust of the public. Ultimately she thinks it should go to the Juneau Community Foundation or the United Human Services Building.

**Roll Call Vote to Accept the \$2,000,000 Donation from Norwegian Cruise Lines:**

Ayes: Gladziszewski, Smith, Bryson,

Nays: Woll, Hughes-Skandijs, Hale, Triem, Jones, and Mayor Weldon.

*Motion failed. Three (3) Ayes, Six (6) Nays.*

**D. Cruise Season Schedule, Services**

In your packet is the updated cruise ship schedule for this summer. The schedule can be found online at CLAA's site (<https://claalaska.com>). Prior to the start of this season, we will revisit our recommendations on provision of contract services. We will budget CBJ Marine Passenger Fees conservatively based on the schedule as ships are not expected to be full due to COVID protocols and the logistics of bringing the vessels and crews back into service. So far, two agencies have requested consideration for funding (Travel Juneau, to provide crossing guards @ ~\$28K and DBA to provide Ambassador services @ \$10K). Due to the compressed schedule and shortage of meetings, we will calendar an appropriation ordinance of CBJ Marine Passenger Fees for introduction on July 12 and public hearing on August 3.

Mr. Watt said that no action was required at this meeting, however, he wanted to advise the Assembly that this would be coming before them and to also provide a link to the cruise ship schedule as far as it is known at this time.