


# Memo

**Thru:** Mark Gorman, Municipal Administrator

**To:** City and Borough of Sitka Assembly 

**From:** Jay Sweeney, CFAO

**Date:** December 17, 2014

**Re:** Increase in line of Credit to Sitka Community Hospital

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Mayor McConnell and Assembly Members,

Sitka Community Hospital is facing liquidity challenges and is in need of cash in order to meet its financial obligations.

At its June 23, 2009 meeting, the Assembly authorized the establishment of a \$500,000 line of credit via a 6-0 roll call vote. Administration is recommending that the existing \$500,000 line of credit, which is fully extended, be increased by \$1,000,000 to a total of \$1,500,000.

The terms of this increased line of credit will be the same as that passed by the Assembly in 2009 (see attached minutes).

Administration recommends that the source of the cash to be loaned come from the General Fund balance designated for emergency response IAW SGC 4.44A.020. A supermajority of the Assembly is required to approve the use of these funds.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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**TO:** Mayor McAdams and Assembly Members

**THROUGH:** Jim Dinley, Administrator 

**FROM:** David Wolff, Finance Director 

**DATE:** June 17, 2009

**SUBJECT:** Credit Line for Sitka Community Hospital

In April, 2004, the Assembly established a \$200,000 line of credit for the Sitka Community Hospital. At the final budget work session, the Sitka Community Hospital requested that the Assembly raise the line of credit to \$500,000. At this time, Sitka Community Hospital line of credit has a balance of \$148,910 with monthly payments being credited in the amount equal to one-half of the tobacco tax received. Suggested motion for the Assembly:

Move to direct the City and Borough Administrator to establish a \$500,000 line of credit from the General Fund for Sitka Community Hospital. The line of credit will reflect the overnight interest rate the City and Borough earns on its checking account. Repayment will be one-half of the tobacco tax the City and Borough receives each month until the line of credit is paid in full. The City and Borough Administrator will immediately notify the Assembly when any line of credit disbursement occurs.

**City and Borough of Sitka**  
**Schedule of Tobacco Tax Receipts**

**For Calendar Year 2006**

For Month of	Receipt	Yearly Total
January	8,752.39	8,752.39
February	7,427.76	16,180.15
March	12,554.14	28,734.29
April	17,533.08	46,267.37
May	18,637.22	64,904.59
June	48,046.74	112,951.33
July	66,825.14	179,776.47
August	48,660.88	228,437.35
September	55,777.34	284,214.69
October	27,810.16	312,024.85
November	41,804.13	353,828.98
December	21,065.19	374,894.17

**For Calendar Year 2007**

January	39,242.07	39,242.07
February	28,287.93	67,530.00
March	35,584.58	103,114.58
April	49,099.04	152,213.62
May	58,809.14	211,022.76
June	79,240.87	290,263.63
July	45,400.16	335,663.79
August	35,180.51	370,844.30
September	38,651.06	409,495.36
October	18,065.10	427,560.46
November	33,848.11	461,408.57
December	24,424.54	485,833.11

**For Calendar Year 2008**

January	37,610.01	37,610.01
February	26,100.28	63,710.29
March	41,878.52	105,588.81
April	50,040.15	155,628.96
May	34,655.26	190,284.22
June	54,510.00	244,794.22
July	53,272.29	298,066.51
August	44,971.58	343,038.09
September	40,088.65	383,126.74
October	25,282.08	408,408.82
November	28,446.84	436,855.66
December	44,676.15	481,531.81

**For Calendar Year 2009**

January	23,592.90	23,592.90
February	28,837.65	52,430.55
March	50,755.70	103,186.25
April	39,875.38	143,061.63
May	0.00	143,061.63
June	0.00	143,061.63
July	0.00	143,061.63
August	0.00	143,061.63
September	0.00	143,061.63
October	0.00	143,061.63
November	0.00	143,061.63
December	0.00	143,061.63

Jackson is not surprised by the letter from STA and responded it is a competitive process. There is no obligation to notify other Tribes.

This one-year pilot project, would use Sitka as a hub. Resolutions of support all have one thing in common so far: better service to Sitka is needed because of SEARHC. The Alaska Marine Highway is not directly involved in planning this project. The current Alaska Marine Highway dock could be rented.

In light of the testimony it was recommended to bring back a substitute resolution.

**MOTION by Cavanaugh to postpone to July 14, 2009.**

*Motion PASSED on a 6-0 roll call vote.*

**Recess**

A recess was taken from 7:10 until 7:20 PM.

**Item G**

**Sitka Community Hospital**

**MOTION by Ozment to establish a \$500,000 line of credit from the General Fund for SCH. The line of credit will reflect the overnight interest rate the CBS earns on its checking account. Repayment will be one-half of the tobacco tax the CBS receives each month until the line of credit is paid in full. Further, the CBS Administrator will immediately notify the Assembly when any line of credit disbursement occurs.**

Westover offered a motion similar to the one above but it included a \$60,000 transfer of funds from non-profits to the Hospital. Municipal Attorney, Theresa Hillhouse advised Westover's motion was out of order. Hillhouse felt it would be a violation of the open meetings act since it wasn't advertised.

Westover would like to bring back a motion at the next meeting to give the hospital more money.

*Motion PASSED on a 6-0 roll call vote.*

**Item H**

**Lot 22 Stores Building**

**MOTION by Westover to approve the sale of Lot 22 Stores Building to Silver Bay Seafoods for \$245,000 as recommended by the Sawmill Cove Board of Directors.**

Crews abstained since one of his relatives was a competing bidder.

Sawmill Cove Board Director, Garry White, was present to answer questions. Westover thanked the board for their work and believed the price to be fair. Ozment was excited about what Silver Bay plans to do. Hackett was also excited to see Phase II. Mayor noted it was important to bring up the costs of repairs to the building.

*Motion PASSED on a 5-0 roll call vote.*

**Item I**

**SCIP Strategic Plan**

**MOTION by Westover to approve the Sawmill Cove Industrial Park Strategic Plan June 2009 as developed by the Sawmill Cove Industrial Park Board.**



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## NEWS RELEASE – FOR IMMEDIATE RELEASE

Contact:  
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907-747-1737

December 16, 2014, Sitka AK

Sitka Community Hospital is facing serious financial challenges but the Hospital Board is optimistic that with a combination of spending reductions and improved operational efficiencies, the hospital will soon be operating as needed to continue with the long term strategic goals.

There are several factors which have contributed to this current situation including cash management, the implementation of a required Electronic Health Record (EHR), increased charity care, and increased health care costs.

The implementation of the EHR, a requirement of the Affordable Care Act, has been a very significant challenge which is still being addressed. Ideally, a fully functioning EHR increases provider productivity, improves quality of care, and enhances the automation and efficiency of patient billing. In the case of Sitka Community Hospital's EHR, as with many hospitals across the country, it is still a work in progress.

The Hospital Board and CEO Jeff Comer are working with Municipal Administrator Mark Gorman, Municipal Attorney Robin Koutchak, and Deputy Administrator/Chief Finance and Administrative Officer Jay Sweeney to implement immediate strategies to increase revenue and improve operational efficiencies at SCH. It is anticipated that the Assembly will be requested to increase the line of credit currently provided to the hospital in the interim.

Sitka Community Hospital is owned by the City and Borough of Sitka and is proud to offer quality health care and a full range of services to the community since 1956.