

CONSENT AGENDA

POSSIBLE MOTION

**I MOVE TO APPROVE THE CONSENT AGENDA
CONSISTING OF ITEMS A & B**

I wish to remove Item(s) _____

**REMINDER – Read aloud a portion of each item being
voted on that is included in the consent vote.**

Should this item be pulled from the Consent Agenda the following motion is suggested:

POSSIBLE MOTION

I MOVE TO approve the minutes of the March 21, 22, and 28 Assembly meetings.



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
330 Harbor Drive
Sitka, AK
(907)747-1811

Minutes - Draft

City and Borough Assembly

Mayor Matthew Hunter
Deputy Mayor Bob Potrzuski
Vice-Deputy Mayor Steven Eisenbeisz
Tristan Guevin, Kevin Knox
Aaron Bean, and Aaron Swanson

Municipal Administrator: Mark Gorman
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson

Tuesday, March 21, 2017

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Assembly members Bean and Knox arrived after roll call.

Present: 6 - Swanson, Guevin, Potrzuski, Hunter, Knox, and Bean

Absent: 1 - Eisenbeisz

IV. CORRESPONDENCE/AGENDA CHANGES

None.

V. PERSONS TO BE HEARD

None.

VI. NEW BUSINESS:

A 17-051

Presentation by ECG Management Consultants followed by possible discussion/direction (*subject- Sitka Community Hospital/SouthEast Regional Health Consortium Collaboration*)

Kevin Kennedy, of ECG Management Consultants, stated in Spring 2016, at the direction of the Assembly, Sitka Community Hospital (SCH) and SouthEast Alaska Regional Health Consortium (SEARHC) retained ECG to develop a combined future vision for healthcare in Sitka, evaluating options for collaboration between the two organizations. Kennedy reviewed key components of the report and in summary

stated ECG believed that the long-term interests of the residents of Sitka and shared vision of SCH and SEARHC would be best served by a business combination between SCH and SEARHC, with a merger being the preferred option. In addition, the report concluded that 1) the current system was wasteful, 2) SCH was not financially sustainable, 3) the timing was right - the City and Borough of Sitka could presently negotiate favorable terms for a merger, 4) a merger made the most sense - efficient, simple, and allowed for significant governance input for Sitkans in perpetuity, 5) a merger would allow for service expansion, and, 6) early discussions with SEARHC had provided favorable terms, including reserve powers over key care delivery and employment issues, significant governance representation, employment guarantees, and lack of City financial support.

Rob Allen, CEO of SCH, stated SCH was not in support of a merger. He cautioned the report was pessimistic and said SCH was viable.

Dan Neumeister, COO of SEARHC, commended SCH and staff for their involvement, and thanked ECG for their work in outlining the recommendations. Neumeister stated SEARHC was committed to the vision of caring for the community, committed to maintaining employment for its citizens, and reminded a merger could allow for more robust and expanded care to Sitka. He offered what should the legacy of healthcare be in Sitka rather than holding on to the past.

Assembly members noted SCH was important to the community, however, expressed concerns over its long term sustainability. Before making a decision, they felt it important to gather as much information as possible. The following was requested: 1) request SEARHC to submit a proposal for assuming the management of SCH, and, 2) request SCH provide two operational and budget scenarios - one with the current level of service, and one with a reduced service profile. After this information was received, the Assembly stated they would like to hold a town hall meeting to gather feedback from citizens.

A motion was made by Bean to request 1) SEARHC provide information on a merger proposal, and, 2) Sitka Community Hospital to provide a report on options A & B*. The motion PASSED by the following vote.

Yes: 6 - Swanson, Guevin, Potrzuski, Hunter, Knox, and Bean

Absent: 1 - Eisenbeisz

*Two operational and budget scenarios for SCH - one with the current level of service, and one with a reduced service profile.

Connie Sipe, SCH Board Member, clarified the Board had not taken an official position on the merger. Steve Hartford, SCH Director of Operations, offered clarifying comments on the state of the physical plant. Cynthia Brandt, contract CFO for SCH, thanked the Assembly for requesting further information and welcomed the opportunity to participate. Brandt noted at the end of FY17 the Hospital had a positive cashflow and was able to make its debt payments to the City and Medicare. In addition, she noted another top priority was the Electronic Health Record (EHR) system. When she began work for SCH two years ago, it was her professional opinion, the organization was strangled by the fact it didn't have a functional EHR or an existing one in the clinics. Brandt noted an EHR would bring great efficiencies to the organization overall.

The following individuals spoke in opposition to a merger between SEARHC and SCH: Helen Craig, Harriet Beleal, Richard Phillips, Patrina Kilkeary, Karen Lucas, Travis Hudson, Pat Alexander, Dr. Richard Wein, Trish White, Oen Kindig.

VII. PERSONS TO BE HEARD:

Carolyn Evans suggested leasing Sitka Community Hospital may be an option.

Travis Hudson cautioned the Assembly to not make a quick decision.

Richard Phillips urged the Assembly to consider the potential loss of jobs that may occur with a merger.

Karen Lucas stated there was a lot of revenue potential for Sitka Community Hospital.

Helen Craig stated both Sitka Community Hospital and SEARHC needed updated equipment, ADA accessibility, and to be held accountable.

Lois Rhodes asked the Assembly to include the SCH Board in the town hall meeting.

VIII. EXECUTIVE SESSION

None.

IX. ADJOURNMENT

A motion was made by Knox to ADJOURN. Hearing no objections, the meeting ADJOURNed at 9:05pm.

ATTEST: _____
Sara Peterson, CMC
Municipal Clerk



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City and Borough Assembly

*Mayor Matthew Hunter
Deputy Mayor Bob Potrzuski
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Tristan Guevin, Kevin Knox
Aaron Bean, and Aaron Swanson*

*Municipal Administrator: Mark Gorman
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Wednesday, March 22, 2017

5:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 6 - Swanson, Guevin, Potrzuski, Hunter, Knox, and Bean

Absent: 1 - Eisenbeisz

IV. CORRESPONDENCE/AGENDA CHANGES

None.

V. PERSONS TO BE HEARD

None.

VI. NEW BUSINESS:

A 17-049 Administrator applicant interviews via video conferencing (Bertacchi, Meyer, Miller)

Applicant interviews via video conferencing were held for Bryan Bertacchi, David Miller, and Carey Meyer.

B 17-050 Discussion/Direction/Decision regarding the Municipal Administrator application process (*possible executive session*)

Assembly member Potrzuski left the meeting at 7:45pm.

Some Assembly members expressed a desire to reopen advertising for the position

or possibly hire a recruitment agency. Others stated they would like to proceed with the current candidates. The Assembly agreed to continue their discussion at the regular Assembly meeting on March 28.

VII. PERSONS TO BE HEARD:

Helen Craig offered her opinions of the three candidates interviewed.

VIII. EXECUTIVE SESSION

None.

IX. ADJOURNMENT

A motion was made by Knox to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:10pm.

ATTEST: _____
Sara Peterson, CMC
Municipal Clerk



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Minutes - Draft

City and Borough Assembly

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Aaron Bean, and Aaron Swanson*

*Municipal Administrator: Mark Gorman
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Tuesday, March 28, 2017

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 5 - Swanson, Guevin, Hunter, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

IV. CORRESPONDENCE/AGENDA CHANGES

None.

V. CEREMONIAL MATTERS

17-052 Proclamation - AmeriCorps Day

Mayor Hunter read and presented a proclamation declaring April 4th as AmeriCorps Day in Sitka.

VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Sitka Community Hospital, Municipal Departments, School District, Students and Guests (time limits apply)

Sitka Tribe of Alaska Council Chair, Kathy Hope Erickson, provided an overview of recent events.

17-053 Sea Lion Education - NOAA, Kim Raum Suryan

Kim Raum-Suryan of NOAA shared information on the problems associated with feeding sea lions: habituation, aggression, negative impacts on fisheries,

entanglement, injury and death. Raum-Suryan stressed the importance of not feeding sea lions, educating others about the negative impacts of feeding sea lions, encouraged communities to establish a "no feeding" policy, and to keep docks and boats clean and dispose of fishwaste properly.

Wyn Menefee, Deputy Director of the Trust Land Office for Alaska Mental Health Trust Authority, reported on a proposed land exchange with the US Forest Service in various locations in Southeast Alaska.

VII. PERSONS TO BE HEARD

Lynne Brandon, representing the Sitka Community Playground Committee, announced a fundraising event scheduled for April 1 at the Sheet'ka Kwaan Naa Kahidi Tribal Community House.

VIII. REPORTS

a. Mayor, b. Administrator, c. Attorney, d. Liaison Representatives, e. Clerk, f. Other

Acting Municipal Administrator, Jay Sweeney, announced Assembly member Potrzuski; Municipal Administrator, Mark Gorman; and Community Affairs Director, Maegan Bosak were in Washington, DC lobbying on behalf of the Municipality.

IX. CONSENT AGENDA

A motion was made by Swanson that the Consent Agenda consisting of Items A & B be APPROVED. The motion PASSED by the following vote.

Yes: 5 - Swanson, Guevin, Hunter, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

A 17-054 Approve the minutes of the March 9, 14, and 16 Assembly meetings

This item was APPROVED ON THE CONSENT AGENDA.

B RES 17-06 Authorizing a grant application to the Rasmuson Foundation for Crescent Harbor Playground renovation

This item was APPROVED ON THE CONSENT AGENDA.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

C 17-048 Appoint: 1) Sheila Finkenbinder to a term on the Gary Paxton Industrial Park Board, and, 2) George D. Bennett Jr. and Shannon Freitas to terms on the Local Emergency Planning Committee

A motion was made by Guevin that this Item be APPROVED. The motion PASSED by the following vote.

Yes: 5 - Swanson, Guevin, Hunter, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

XI. UNFINISHED BUSINESS:

D 17-056 Discussion/Direction regarding the Municipal Administrator selection process
(*possible executive session*)

Human Resources Director, Mark Danielson, stated applicant Bryan Bertacchi withdrew his application on March 27. Danielson reviewed the available options: 1) go forward with one or both of the current candidates (Dave Miller and Carey Meyer), 2) readvertise, or 3) hire a recruitment agency. Danielson estimated costs for a recruitment agency to be around \$30,000.

Some members voiced support for moving forward with the two current candidates. Others wished to explore the possibility of a recruitment firm or go back to the short list developed in February.

Members decided to postpone the discussion until the meeting of April 11 and review the short list developed in February of those applicants receiving at least one vote with the exception of those that had been removed.

A motion was made by Knox that this Item be POSTPONED to the meeting of April 11 and at that time review the short list of candidates, developed in February, of those candidates who had received at least one vote, with the exception of those who had been removed since the initial short-list.

Yes: 5 - Swanson, Guevin, Hunter, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

E ORD 17-055 Amending Sitka General Code Chapter 15.01 entitled "Electric Utility Policies" by amending Section 15.01.020 entitled "Electrical Rates"

Although difficult to raise rates, Hunter voiced support for the ordinance. Guevin spoke in opposition stating he would like a needs based subsidy to come forward first. Swanson and Bean also spoke in opposition. Bean urged the Assembly to explore becoming regulated by the Regulatory Commission of Alaska. Knox argued the Assembly was kicking the can down the road and reminded delaying passage of a rate increase exacerbated the financial problem of the Electric Fund.

Acting Administrator and Chief Finance and Administrative Officer, Jay Sweeney, stated that unless the rate increase was passed, there would need to be a transfer of \$500,000 to \$1 million transferred to the rate stabilization fund. If that transfer did not happen, the City would not meet the minimum required rate covenant of 125% of the annual debt service for the fiscal year which was measured June 30. At that point, the bond holder, would have the ability to direct an independent consultant to examine the utility and propose rates for consideration by the Assembly to restore the utility. If, at that point, the Assembly chose not to take that guidance, the City would then be in default of the bonds. This would preempt the City from having any ability to go forward to the Municipal Bond Bank authority with other general obligation bonds or revenue bonds unless the default was cured. Sweeney said it was unknown what the impact might be on the ability for the City to borrow in other capacities - e.g. DEC loans. He stated all funding for the City could be at risk.

A motion was made by Knox that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion FAILED by the following vote. Mayor Hunter moved for RECONSIDERATION of the motion at the April 11 Assembly meeting.

Yes: 1 - Knox

No: 4 - Swanson, Guevin, Hunter, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

- F ORD 17-06S** Amending Sitka General Code Chapter 15.01 entitled "Electric Utility Policies" by amending Section 15.01.020 entitled "Electrical Rates" to allow for a seasonal increase in electrical rates

Scott Saline shared refrigeration terminology with the Assembly.

Bean noted he had spoke with some small business owners and believed a summer rate increase could put enough added financial pressure on businesses to close. Knox stated the seasonal adjustment would flatten out the annual rate overall and encourage people to use electricity in the winter time and discourage people from switching over to oil. He echoed Bean's concern of added financial pressure on summer businesses that didn't fall into the large user rate category.

Guevin wondered if an exemption for businesses had been explored and what the impact would be. Utility Director, Bryan Bertacchi, stated that exempting commercial users would significantly alter the proposed seasonal residential rates. He noted the Electric Department had notified eligible commercial users of the option to move to "large user" status or remain as a regular commercial user if this ordinance was approved.

A motion was made by Swanson that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 4 - Swanson, Guevin, Hunter, and Knox

No: 1 - Bean

Absent: 2 - Eisenbeisz, and Potrzuski

- G ORD 17-07** Adjusting the FY17 Budget (grants, Greater Sitka Chamber of Commerce, Inc.)

A motion was made by Guevin that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 5 - Swanson, Guevin, Hunter, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

- H ORD 17-08** Amending Sitka General Code Chapter 4.09 "Sales Tax" at 4.09.350 "Procedures on Delinquencies"

A motion was made by Swanson that this Ordinance be APPROVED on SECOND AND FINAL READING.

Yes: 5 - Swanson, Guevin, Hunter, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

XII. NEW BUSINESS:

New Business First Reading

I ORD 17-09 Expanding the authorized uses of the Gary Paxton Industrial Park Contingency Fund and adjusting the FY17 Budget for appropriations from the Contingency Fund

Garry White, Executive Director of the Gary Paxton Industrial Park (GPIP), explained portions of the Park shoreline were eroding and endangering upland infrastructure. The GPIP Board recommended use of Environmental Contingency Funds to make the necessary repairs.

Acting Administrator and Chief Finance and Administrative Officer, Jay Sweeney, explained two appropriations were required: 1) to transfer and expense, and, 2) expand the allowable use of the Contingency Fund. Hanson clarified, the Contingency Fund's purpose was to address environmental concerns and was not earmarked for Park repair hence the need for the ordinance.

A motion was made by Knox that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.

Yes: 5 - Swanson, Guevin, Hunter, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

XIII. PERSONS TO BE HEARD:

Anders Marius inquired as to the status of the Student Activities Dedicated Travel Fund. All proceeds from the State of Alaska for marijuana licensing fees were to be deposited and earmarked to assist with costs of student travel associated with school activities. Mayor Hunter stated the Assembly was prohibited from answering questions during "Persons to be Heard" but that he would speak with Mr. Marius after the meeting.

Hugh Bevan spoke to the Electric Enterprise Fund and its struggles. Bevan urged the Assembly to look at the City's finances in a more holistic manner breaking the budget into three parts (operating, capital and debt) and apply those to the debt.

XIV. EXECUTIVE SESSION

None.

XV. ADJOURNMENT

A motion was made by Swanson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:13pm.

ATTEST: _____
Sara Peterson, CMC
Municipal Clerk