



CITY AND BOROUGH OF SITKA

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

Minutes - Final

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 Beale, 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