



# 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*

*Interim Municipal Administrator: Phillip Messina*  
*Municipal Attorney: Brian Hanson*  
*Municipal Clerk: Sara Peterson*

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Tuesday, July 18, 2017

6:00 PM

Assembly Chambers

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#### SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

**Present:** 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

IV. PERSONS TO BE HEARD

None.

V. NEW BUSINESS:

A [17-128](#) Discussion~Direction~Decision on the Hospital process

Mayor Hunter explained the process that had occurred over the last eighteen months: SouthEast Alaska Regional Health Corporation (SEARHC) and Sitka Community Hospital (SCH) had explored the possibility of a joint venture, merger or to remain separate entities, ECG Management Consultants had presented options for a combined future vision for healthcare in Sitka, SEARHC had made a proposal to purchase SCH, and while moving through the process of understanding their proposal, another entity had come forward expressing interest in purchasing SCH. The Mayor stated it was important for the Assembly to discuss the options before moving forward.

Assembly Discussion

Assembly members offered their opinions. Eisenbeisz believed with minor changes, SCH could strive on its own, however, wished to have regular updates from the Hospital. He expressed concern that if SCH were to close, the City didn't have the funds to cover the \$35 million PERS liability. He added that if the Assembly directed SCH to implement the recommendations (cost report improvements, skilled nursing

facility bed conversion to Critical Access Hospital beds, discontinuation of OB services, change in business model for surgical services, and clinic optimization) of the Stroudwater report, presented July 13 to the Assembly, SCH would need financial support - e.g. \$400,000 for the clinic modular. Bean suggested proposing a ballot initiative to fund SCH (e.g. sales tax increase) and let the people of Sitka decide. If citizens were not in favor of a merger, or one hospital, then a funding mechanism would need to be determined. Potrzuski noted two consultants (ECG and Stroudwater) had stated SCH, long-term, was not a viable option. He expressed a desire for the City to issue a Request for Proposal (RFP) to find out what other options, in addition to the two already, were available in order to make an informed decision. He added that two of the 2003 Stroudwater recommendations involved eliminating surgery and OB services and reminded the 2017 Stroudwater report had similar recommendations. He wondered if the SCH Board and SCH senior management would be able to stand up to public pressure requesting SCH keep those services. Knox concurred and stated Sitka was a unique and different marketplace for healthcare. He also expressed concern of the \$35 million PERS liability. After hearing the Stroudwater report, Guevin said he felt more optimistic that SCH could be viable on its own, however, wished to maintain some oversight of the Stroudwater recommendations and progress. If the Assembly chose to solicit for RFP's, Guevin would like to see something broad and possibly an adhoc committee created similar to that of the 2015 Citizens' Taskforce. Guevin wondered how long it would take SCH to implement the Stroudwater recommendations. Rob Allen, SCH Chief Executive Officer, responded 6 months to 1 year. Swanson conveyed a desire for SCH to move forward on its own and implement the Stroudwater recommendations. While not opposed to a RFP process, he preferred the issue go to a public vote. Hunter said he had been heartened by the Stroudwater report and asked for the recommendations to be implemented. He stated there was a history of facing financial crisis with SCH and stressed the importance for stability and sustainability. If SCH were to close, the City could be looking at a bill of close to \$50 million; money the City didn't have. Hunter spoke in support of the RFP process. Bean agreed but preferred not to prolong the process. Eisenbeisz spoke cautiously of an RFP and wondered if the RFP would be for a purchase or management services. He reminded there was the \$35 million PERS liability that would need to be addressed. Municipal Attorney, Brian Hanson, recommended the RFP be prepared by a merger/acquisition specialist. Bryan Bertacchi, SCH Board President, urged the Assembly to design a broad RFP that would allow for multiple possibilities.

#### Public Comment

Speaking in support of a RFP process were: Dan Neumeister, SEARHC Chief Operating Officer; Colleen Dahlquist, Patricia Alexander, Robert Hattle, and Karen Lucas. Dr. Roger Golub asked the Assembly to encourage SEARHC to work with SCH. Richard Phillips suggested the SCH Board President and SCH CEO be included in the creation of the RFP. Cynthia Brandt, SCH Chief Financial Officer, clarified that Stroudwater had reported with the implementation of their recommendations, SCH would be sustainable for the foreseeable future but that one day affiliation with SEARHC would be necessary. Brandt reminded since the December 2014 line of credit request, cash on hand had increased. Charles Bingham noted healthcare, worldwide, was in an unsettled state and urged the Assembly not to rush the process. Helen Craig voiced support for two hospitals in Sitka. Carin Adyckes spoke in opposition to the RFP process and to merging with SEARHC.

#### Further Assembly Discussion

Guevin wished to see intermediary steps along the way if the Assembly chose the RFP route and wanted the Assembly to review the draft RFP. Eisenbeisz suggested the formation of an Assembly subcommittee to be involved and expressed hesitation in voting on the complex motion before the body. Assembly members expressed a desire for SCH to move forward with the implementation of the Stroudwater

recommendations.

**A motion was made by Bean to ask staff to work with an outside firm to draft an RFP, for Assembly review, seeking solutions for our Community Hospital in Sitka through collaboration, affiliation, a management agreement, an outright sale, a merger, or the creation of a non-profit, with the goals of increasing the quality of healthcare offered to Sitkans, the scope of services offered in Sitka for Sitkans, maintaining or increasing the employment in our health industry in Sitka, and improving the financial position of Sitka Community Hospital including our PERS obligation and operational losses. The motion PASSED by the following vote.**

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

**No:** 1 - Eisenbeisz

#### **VI. PERSONS TO BE HEARD:**

Sonja Smith expressed frustration that SEARHC beneficiaries had not been consulted. Dr. Richard Wein spoke in support of the RFP process and suggested partnering with Bartlett Memorial Hospital. Karen Lucas suggested a community visioning session. Mary Todd Anderson voiced support for SCH. Charles Bingham urged the Assembly to consider if there were only one hospital in Sitka, would that hospital exist for profit or for care. Lee Bennett spoke in support of a RFP process with citizen involvement. Maxine Duncan spoke in support of SEARHC. Lindsay Evans spoke to the importance of keeping OB and surgical services at SCH, supported a town hall meeting, and wanted to hear what the native population thoughts were on the possible merger or acquisition of SCH by SEARHC.

#### **VII. EXECUTIVE SESSION**

None.

#### **VIII. ADJOURNMENT**

**A motion was made by Swanson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:58pm.**

**ATTEST:** \_\_\_\_\_

**Sara Peterson, CMC  
Municipal Clerk**