MEETING NO. 2011-20: The Special Meeting of the City and Borough of Juneau Assembly, held in the Assembly Chambers of the Municipal Building, was called to order at 8:00 p.m. by Mayor Bruce Botelho.

I. ROLL CALL

Assembly Present: Mary Becker, Bruce Botelho, Karen Crane, Ruth Danner, Johan Dybdahl (telephonic), Peter Freer, Malcolm Menzies, Merrill Sanford, and David Stone.

Assembly Absent: None.

Staff Present: Rod Swope, City Manager; Kim Kiefer, Deputy City Manager; John Hartle, City Attorney; Laurie Sica, Municipal Clerk; Rorie Watt, Engineering Director; Dale Pernula, Community Development Director; Brent Fischer, Parks and Recreation Director; Carl Uchytil, Port Director; Gary Gillette, Port Engineer; Skye Stekoll, Engineering Associate; Page Decker, Assistant Police Chief.

II. APPROVAL OF MINUTES

A. August 22, 2011 – Regular Assembly Meeting 2011-19

Hearing no objection, the minutes of the August 22, 2011 Regular Meeting 2011-19, were approved.

III. MANAGER’S REQUEST FOR AGENDA CHANGES – None.

IV. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS – None.

V. CONSENT AGENDA

1. Ordinances for Introduction

a. Ordinance 2011-23

An Ordinance Amending the Official Zoning Map of the City and Borough Relating to the Zoning of U.S. Survey 381 FR, Located at the Corner of Atlin Drive and Mendenhall Loop Road, and Repealing Ordinance Serial No. 2011-18.

Administrative Report: Attached. The manager recommended Ordinance 2011-23 be introduced and set for public hearing at the next regular meeting.

MOTION, by Danner, to adopt the Consent Agenda and introduce Ordinance 2011-23.

Ms. Becker asked Mr. Hartle if he was convinced this was the right approach. Mr. Hartle said yes. He received a letter from Mr. Robert Spitzfaden, representing the subject property owner, and they spoke on the phone. Mr. Hartle said he has not changed his view.
Mr. Hartle clarified that Ordinance 2011-23 was being presented by the Manager for the Assembly to either reject, defer, refer to committee, or accept as being introduced.

Roll call on introduction of Ordinance 2011-23:
Aye: Becker, Crane, Danner, Freer, Menzies, Sanford, Stone, Botelho
Nay: Dybdahl.
Motion passed, 8 ayes, 1 nay.

**MOTION**, by Becker, to direct the city attorney to draft an ordinance to rezone property at U.S. Survey 381 FR, Located at the Corner of Atlin Drive and Mendenhall Loop Road to D-18.

Roll call:
Aye: Becker, Dybdahl Sanford, Stone
Nay: Crane, Danner, Freer, Menzies, Botelho
Motion failed, 4 ayes, 5 nays.

**VI. NEW BUSINESS**

A. Review of Proposed Petersburg Borough Formation

*Administrative Report*: Attached. The manager made no recommendation.

Mayor Botelho noted two items in the Assembly’s “red folder,” a summary by Mayor Botelho on the options available to CBJ, and a letter from Derek Duncan, VP Operations, Goldbelt, which outlines Goldbelt’s current position.

Mr. Hartle said Assistant Attorney Amy Mead of his office has significant experience with the Local Boundary Commission (LBC). Prior to working for the City and Borough of Juneau (CBJ), she assisted Skagway with its Borough formation. The LBC is a state agency that has a statute that sets the criteria for the commission to apply in establishing local boundaries. It has a statute outlining a procedure for this as well. The procedure allows an entity to petition for a boundary change. Petersburg has filed a petition with the LBC for permission to become a home rule borough similar to the CBJ. The public may comment or file an opposing brief by the deadline of October 26. Mr. Hartle referred to the matrix of options outlined by Mayor Botelho. Filing a brief responding to Petersburg’s 193-page petition document would be a large undertaking. He would recommend that Ms. Mead be assigned and that an expert be hired to work with Ms. Mead. CBJ would need a researcher as well to determine the facts and prepare them for filing.

Mayor Botelho said the Assembly appointed the Annexation Study Commission to review this issue in 2006-2007. A large part of the decision not to proceed with annexation at that time was in deference to Goldbelt, Juneau’s Urban Native Corporation, which has land holdings in the area and did not want to be in a borough. It was determined to hold action until another triggering event, such as a future annexation or incorporation of those lands. This is a long-term question for the community. Once the boundaries are set they will remain for generations. CBJ could do nothing, which would guarantee the current southern boundary. CBJ could simply file an opposition brief urging the LBC to reserve allocation of the lands that are in dispute between CBJ and Petersburg. He spoke with two attorneys conversant with the LBC process who said simple opposition usually does not carry a great deal of weight because the Alaska Constitution envisions all lands in the state to be in an organized borough. At one
point there was a strong presumption in favor of the model borough boundaries, which the LBC devised in the early 1990s, that presumption was eliminated legislatively. The regulations of the LBC were modified to consider them. CBJ could file a competing petition using the model borough boundaries including all land up to, but not including Hobart Bay, for which there would likely not be much dispute. Another other option would be to go for the entire area of the model borough, which ends up splitting Goldbelt’s land holdings in Hobart Bay and breaks up the watershed. A final alternative is to take the recommendation from the Annexation Study Commission, to include all the model borough boundary lands, and to make sure all of Goldbelt’s lands are placed in CBJ, so it is only subject to one local jurisdiction. This action may have the most tentative outcome. Juneau’s ties to the area and Goldbelt’s views and preferences will be determining factors. The Petersburg petition anticipates an areawide mill levy of 4 mills, which is less than CBJ’s areawide levy, which is between 6 – 7 mills. Mayor Botelho urged the Assembly to file a competing petition, whether it is for the lands recommended by the Annexation Study Commission or some portion. He recommended that the Assembly:

- authorize staff to begin preparation of a responsive pleading before the Local Boundary Commission,
- direct staff to prepare a resolution supporting the filing of a responsive pleading for consideration at the next regular meeting so that the public will have an opportunity to comment on the proposed action, and
- authorize staff to expend up to $10,000 from the Better Capital City fund in collecting data for the pleading.

Mr. Dybdahl asked what argument could be made with respect to Goldbelt that CBJ could serve them better than Petersburg. Mayor Botelho said that would need reflection. It seems neither government would deliver much in the way of services. Shareholders, by and large, live in CBJ and have the ability to affect their local government. The Directors of Goldbelt will have to weigh the equities.

Mr. Dybdahl said issues regarding development in Hobart would be who could provide the cheapest energy, transportation, and freight. These are key issues for communities outside of Juneau. Mayor Botelho agreed and said these are the type of questions that must be researched, such as communications, transportation, base of supply, current infrastructure provided.

Ms. Danner would like to see some cost benefit analysis of enlarging the borough and for those in the unincorporated area.

Ms. Becker asked about the timeline. Mayor Botelho said any opposition must be filed by October 26. The LBC tries to make a decision in order to submit it to the legislature on the first day of session. The legislature has 60 days after the commencement of session to reject the decision. If that window is missed, it carries over to the following year.

Mr. Freer said an annexation petition gives the best demonstration of CBJ’s intent of its future boundaries. There has been a lot of annexation and incorporation activity in Southeast Alaska in the past few years, and he named the Ketchikan Borough boundary expansion, the Wrangell and Skagway Borough incorporations, Petersburg has a petition and there have been less formal studies in other areas. It is in Juneau’s interest to act and define the area to be part of the borough.
Mr. Menzies said he has worked in Hobart Bay for 3-4 seasons and the major workload was supported from Juneau – there were some workers from Petersburg, but the tie was mainly from Juneau. All of Goldbelt’s lands are on the road system and it does not seem reasonable to split the lands. He supported the Mayor’s recommendations to do the research.

Hearing no objection to Mayor Botelho’s recommendations, it was so ordered.

B. Review of Bartlett Regional Hospital Management Contract Request for Proposals (RFP)

Kristin Bomengen, President of the Bartlett Regional Hospital Board and Robert Storer, Chair of the Management Contract Committee were present. Mayor Botelho asked both to inform the Assembly and the public on the matter prior to the need to enter into executive session to discuss negotiations.

Ms. Bomengen said the Board would like to proceed to negotiate with Quorum Health Resources to enter into a contract for management of the hospital for the upcoming three-year term. The Ad-Hoc committee formed in January and Mr. Storer was the chair. The members included Kevin Sullivan, Reed Reynolds, and Ms. Bomengen. The committee worked with city purchasing staff to hire ECG Management to work through the steps to issue a sufficient RFP. The RFP was released in June, and three proposals were received by the July 15 deadline. The proposals were evaluated and found to be responsive, but all had some omissions, and each proposer was asked to provide more information and to make presentations to the Board. The three proposals were each unique from each other significantly enough to make it a complex review process. In the process it was determined the Board would like to have the best control over its management circumstances by having a Chief Executive Officer (CEO) and Chief Financial Officer (CFO) that are not employees of the management company. None of the proposers was enthusiastic about that management model, but this was a decision of the entire board. Two of the proposers had some experience with that model, and Quorum uses that model in Sitka because the Sitka charter requires that the Hospital Administrator be a city employee. The Board has reached a conclusion to proceed with negotiations with Quorum Health Resources and if that does not produce a contract, the matter would return to the Board with the intention of negotiating with Peace Health.

Bob Storer said the management company currently provides a CEO and CFO to the hospital – they are currently employees of Quorum. They provide financial management, reviews, audits, quality assurance, and position recruitments. There is a purchasing discount with medical supplies and equipment. Because there is an inherent conflict, in that the staff is employed by Quorum, the decision was made to hire ECG to assist us, along with city staff, to develop the RFP, as an independent check on the process. We interviewed CEOs and Board presidents of many hospitals to find out about different management models and how they worked. The Board evaluated the existing model of staff working for the management company and concluded unanimously as a board that we would separate that component. Now the accountability is completely with the Hospital Board. We reviewed the RFPs, questioned the respondents, and they were all very different. One was a large private company, one was a small private company, and one was a non-profit. The deliberative process was long, the Board took it seriously, and it was thorough. The Board concluded it would like to hire Quorum, but that is incumbent upon successful contract negotiations.
Mayor Botelho suggested suspending the rules to hear Assembly comments and then move to executive session to discuss negotiation points with the Bartlett Regional Hospital Board, as well as to discuss a personnel matter. Hearing no objection, it was so ordered.

VII. ASSEMBLY COMMENTS AND QUESTIONS

Mr. Menzies said there is a Planning Commission Committee of the Whole meeting between Planning Staff and the Commission on August 30 and he asked if, as the Liaison, it was appropriate to attend. Mayor Botelho said it was up to Mr. Menzies to determine.

Ms. Danner referred to Ordinance 2011-18, the ordinance to rezone property on Atlin Drive to LC and said it was brought to the Assembly on August 8 by mistake. She said that mistakes happen, but it confirms the public’s perception that all Assembly members are on the take and the fix is in. She asked the Assembly members how to assure the public that the Assembly can be trusted to uphold the law. She said the rules are not clear. She referred to the work of the Assembly as a complicated board game and said some have been playing it for years. The novice is at a disadvantage. She said that the CDD staff and director, the Planning Commission, the Law Department, the City Manager’s office, and this Assembly should have known better than to bring Ordinance 2011-18 forward. The rules should have been clear so the applicants could know better, and the public should know the rules. The Assembly focuses too much on the number five, referring to the majority required to take action. When there is a division of opinion, the minority concerns should be considered and ways should be sought to adjust the outcome to reflect the interests of the whole community. She said there is a long tradition on the Assembly of allowing reconsideration of a matter as a courtesy. The Assembly needs to cultivate a culture of fair dealings with all parties.

VIII. EXECUTIVE SESSION

Hearing no objection, the Assembly recessed into executive session at 8:45 p.m. to discuss the BRH contract negotiations and a personnel matter, both topics exempt from the Open Meetings Act, and returned to regular session at 10:10 p.m.

Upon return to open session, Mayor Botelho reported that the Assembly and the BRH representatives discussed hospital management contract issues and the Assembly discussed a separate personnel matter.

IX. ADJOURNMENT: 10:10 p.m.

Signed: __________________________  Signed: __________________________

Laurie Sica, Municipal Clerk       Bruce Botelho, Mayor