MEETING NO. 2012-01: The Regular Meeting of the City and Borough of Juneau Assembly, held in the Assembly Chambers of the Municipal Building, was called to order at 7:00 p.m. by Mayor Bruce Botelho.

I. ROLL CALL

Assembly Present: Mary Becker, Bruce Botelho, Karen Crane, Ruth Danner, Johan Dybdahl, Jesse Kiehl, Carlton Smith and Randy Wanamaker.

Assembly Absent: David Stone.

Staff Present: Rod Swope, City Manager; John Hartle, City Attorney; Laurie Sica, Municipal Clerk; Craig Duncan, Finance Director; Mila Cosrove, HRRM Director.

II. SPECIAL ORDER OF BUSINESS

Kathie Wasserman, Director of Alaska Municipal League, presented an award to Craig Duncan, CBJ Finance Director, for his work as a Director on the Alaska Municipal League Investment Pool. He has served the Board since 1994, essentially since its inception, and has dedicated his time and talent to the municipalities of the State of Alaska unselfishly.

III. APPROVAL OF MINUTES

A. December 19, 2011 – Regular Assembly Meeting 2011-29

Hearing no objection, the minutes of the December 19, 2011 Regular Assembly Meeting 2011-29 were approved with corrections provided by Ms. Becker.

IV. MANAGER’S REQUEST FOR AGENDA CHANGES

Mr. Swope asked the Assembly to substitute Ordinance 2012-02(c) in the red folder for the version in the packet for introduction.

V. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS.

Michael Patterson talked about what he called the “smoker’s room” on Front Street. He was a smoker all his life and quit about four years ago, when he had a portion of his lungs removed. When he walks down the street, he feels like he is walking through a cloud of smoke. There are other people with respiratory problems, including children and elderly people, who need to walk through the downtown area. The smokers have been pushed out into the streets since the ban on smoking indoors was adopted. Every bar should have a back door leading to an alleyway for smokers. It would be better to have it moved off the main street. Webcams are so easily accessible and businesses could install a webcam in a smoking area. He appealed to the Assembly to help address this concern. He does not feel the city is safe with the heavy smoking on the main streets.
VI. CONSENT AGENDA

A. Public Requests for Consent Agenda Changes, Other Than Ordinances for Introduction – None.

B. Assembly Requests for Consent Agenda Changes – None.

C. Assembly Action

*MOTION*, by Wanamaker, to adopt the consent agenda, with the substitute Ordinance 2012-02(c). Hearing no objection, it was so ordered.

1. Ordinances for Introduction

a. Ordinance 2012-01

Administrative Report: Attached. The manager recommended Ordinance 2012-01 be introduced and set for public hearing at the next regular meeting.

b. Ordinance 2012-02(c)
An Ordinance Authorizing Hughes Way To Be Replatted And Developed In A Manner That Does Not Meet The Current Minimum Subdivision Standards Required By The Land Use Code And Authorizing Settlement Of The Keikkala Living Trust Appeal.

Administrative Report: Attached. The manager recommended Ordinance 2012-02(c) be introduced and set for public hearing at the next regular meeting.

c. Ordinance 2011-11(Y)
An Ordinance Appropriating To The Manager The Sum Of $10,300 As Additional Funding To The Juneau Public Libraries For The Public Library Assistance, Regional Mail Services, And Continuing Education Grants. Grant Funding Provided By The Alaska Department Of Education.

Administrative Report: Attached. The manager recommended Ordinance 2011-11(Y) be introduced and set for public hearing at the next regular meeting.

d. Ordinance 2011-11(Z)
An Ordinance Appropriating To The Manager The Sum Of $50,000 As Grant Funding For Lighting Upgrades At The Juneau Arts And Culture Center. Grant Funding Provided By The Alaska Department Of Commerce, Community And Economic Development.

Administrative Report: Attached. The manager recommended Ordinance 2011-11(Y) be introduced and set for public hearing at the next regular meeting.

2. Resolutions – None.
3. Transfers – None.

4. Bid Awards – None.

5. Liquor Licenses

1. **Liquor License Renewals**

   **Administrative Report**: Attached. The manager recommended the Assembly waive its right to protest the following liquor license renewal actions:

   1. Beverage Dispensary License #550: Imperial Bar Inc. d/b/a Imperial Bar, location: 241 Front Street
   2. Beverage Dispensary License #728: JD Entertainment, Inc. d/b/a The Island Pub, location: 1102 2nd Street, Douglas
   3. Beverage Dispensary License #3695: Henry’s Food & Spirits LLC d/b/a Henry’s Food and Spirits, location: 9109 Mendenhall Road #4B
   4. Beverage Dispensary - Tourism License #2541: MGO Inc. d/b/a Juneau Airport Travel Lodge, location: 9200 Glacier Hwy.
   5. Brewery License #2534: Alaskan Brewing LLC d/b/a Alaskan Brewing Co., location: 5429 Shaune Drive
   6. Club License #3313: Fraternal Order of Eagles Aerie #4200 d/b/a Fraternal Order of Eagles #4200, location: 2055 Jordan Avenue #1
   7. Package Store License #271: Alaska Cache Liquor Inc. d/b/a Alaska Cache Liquor, location: 156 S. Franklin Street
   9. Package Store License #2976: No Creek Jack Inc. d/b/a Duck Creek Market, location: 9951 Stephen Richards Drive

**VII. PUBLIC HEARING**

A. Ordinance 2011-30

   **An Ordinance Providing For The Issuance And Sale Of A General Obligation Refunding Bond In The Aggregate Principal Amount Of Not To Exceed $6,300,000; And Providing The Form And Terms Of The Bond And For Unlimited Tax Levies To Pay The Bond.**

   **Administrative Report**: Attached. The manager recommended Ordinance 2011-30 be adopted.

   **Public Comment**: None.

   **Assembly Action**: 
MOTION, by Danner, to adopt Ordinance 2011-30.

Following questions from Ms. Danner, Mr. Kiehl and Mr. Smith, the Assembly, hearing no objection, adopted Ordinance 2011-30.

B. Ordinance 2011-31

An Ordinance Of The City And Borough Of Juneau, Alaska, Authorizing The Issuance Of A Nonrecourse Revenue And Refunding Bond (Wildflower Court, Inc. Project), Of The City And Borough In An Aggregate Principal Amount Not To Exceed $14,200,000; Authorizing The Execution And Delivery Of The Necessary Financing Documents In Connection Therewith; And Providing The Form And Terms Of The Bond.


Public Comment:

Melanie Millhorn said she had served on the Board of Wildflower Court for five years and is currently the Chair. Wildflower Court used to be St. Ann’s Care Center. In the 1990’s it became apparent that a new type of facility was needed. The board and staff pursued a certificate of need, which was approved in 1999. Wildflower Court received approval from CBJ for conduit financing. Wildflower has successfully paid on this bond for eleven years, and is now in a position to refinance. This would be significant to Wildflower Court in that it would substantially lower the interest rates and allow more of the revenues to be dedicated to the residents, rather than for paying interest. Needs include building a kitchen and strengthening the accounting software for electronic medical records. Deferred maintenance items include carpeting replacement. She invited everyone to visit, and said Wildflower Court plays an active part in community healthcare. Having the facility in Juneau keeps people from leaving town. The other closest facilities of this type are in Wrangell, Ketchikan, or Sitka. Wildflower Court has 107 employees, a $4.4 million payroll, and is a positive contributor to the community.

Ruth Johnson said she began work at Wildflower Court in 2004 after a career in banking. She was used to looking at loan requests, and as a commercial lender, she would look at the stability, management, and payment history of an organization. Wildflower Court has been in operation since 1977. The current senior managers have been in place an average of eight years and the organization has been paying as agreed on this debt for over ten years. This exhibits good stability. In addition to the previously described benefits, this funding request represents a significant savings to the state Medicaid program. All Medicaid providers have an obligation to reduce the cost of delivery; 89% of the residents are Medicaid beneficiaries. The rate Wildflower Court is paid is based on actual cost, including facility cost. Reducing the facility cost paid on debt will result in savings to Medicaid. Ms. Johnson said she has a close relationship with the existing bondholders and she has spoken with Jim Phillips of Invesco about this current interest rate being high and they have looked at different ways to refund it. He told her he would want to be part of any refunding and had a great deal of confidence in being a buyer of future bonds.

Ms. Danner asked what was meant by the statement on page 5 of the ordinance which refers to “if Wildflower Court fails to meet the debt service requirements, the state could enact the revenue intercept provisions to withhold sales payments to the CBJ…and there will be an
indenture agreement that would secure the debt by a pledge of the facility.” Ms. Johnson said that pledge is in the existing debt. The revenue stream secures the bond debt. The revenues can only be used to provide services and repay debt. Mr. Duncan said the most advantageous way to issue the bonds would be for Wildflower to go to CBJ, and for CBJ to go through the Municipal Bond Bank. The Bond Bank requires revenue intercept. Any bonds the city does not pay that go through the Bond Bank, the state has the right to withhold state payments that would be coming from the state to the city. There is no clear direction that they would do that – they have never done that – but we have never defaulted and he was not sure if anyone else had ever defaulted. The issue here is that the increase in risk associated with this debt is the revenue intercept provision and the trust indenture means that the facility has been pledged. If they were to default, the city would be responsible and CBJ would also become owners of the facility. A significant portion of the residents come from Bartlett discharges, and there is a letter from BRH discussing this. There is a little more risk, but there is a net benefit to the city and the hospital, as they have been paying for ten years, their debt will decrease and it will reduce the potential of default, as it will be easier to pay the debt.

Freda Miller, a member of Board of Directors of Wildflower Court, said that many of the residents maintain strong ties with the facility in and out of the home. A majority of admissions are from Juneau and the Juneau area, and there is a 98% residency capacity consistently. Rehabilitation services are provided and the goal is to assist patients reenter into a reduced dependence environment. 55% of the residents are discharged back to their homes. The rest are in long-term care. She supported the adoption of the ordinance.

Assembly Action:

MOTION, by Wanamaker, to adopt Ordinance 2011-31. Hearing no objection, it was so ordered.

VIII. UNFINISHED BUSINESS – None.

IX. NEW BUSINESS

A. Bartlett Regional Hospital - Quorum Contract Consideration

Mr. Storer, President of Bartlett Regional Hospital (BRH) and Ms. Bomengen, Immediate Past President, of the BRH Board of Directors, were present to discuss the proposed management contract.

Mr. Storer said the negotiation team consisted of Ms. Bomengen, an attorney, Dick Monkman, outside counsel, Amy Mead of the CBJ law office and Mr. Storer, who has significant contract negotiating experience.

Ms. Bomengen said the contract is the result of an RFP process, which began in early 2011. They worked with an expert consultant in the health care industry to draft the RFP. We received three bids and after a long, detailed process, we determined that Quorum Health Resources offered us the best options. This contract before the Assembly is a Consulting Services Contract, rather than the previously reviewed Management Contract. The major difference is the BRH Board will directly hire the Chief Executive Officer and the Chief Financial Officer, rather than those positions being employees of Quorum Health Resources. This is a significant shift in the management design.
Some of the highlights of the contract are that BRH will continue to engage in the group purchasing organization through Quorum, which is a tremendous benefit for group purchasing. We have improved insurance and group resolution terms in this contract.

Ms. Danner asked if BRH is locked into purchasing through Quorum. Ms. Bomengen said there is an explicit exception in the contract that BRH does not have to purchase through the group purchasing contract, the same as in the previous contract.

Mr. Wanamaker asked the reason for changing the management of the hospital regarding the hiring of the CEO and CFO by the Board. Ms. Bomengen said that currently both the CEO and the CFO are employees of Quorum Health Resources. The new contract will reflect the Board hiring the CEO, and the CFO will be hired by the CEO with participation by the Board. One of the reasons became apparent during the RFP process. To develop the RFP, we needed to go to one of the bidder’s employees to ask for the information and we felt this created a conflict. This is a way to ensure that the community will have the best control of the hospital, if we can directly hire the CEO and hold them accountable to the community.

Mr. Smith asked to hear more about the RFP process and the other two bidders. Ms. Bomengen said there were three bidders, including Peace Health, Alliant Health, and Quorum. Everyone engaged in the process and there were many viewpoints. The consensus was that Quorum Health Resources was offering the best in the range of consulting services. All of the bidders, to one degree or another, were comfortable with our change to the management plan, though not all were equally enthusiastic. We decided Quorum was still offering us the best in its range of expertise.

Mr. Storer said the process started last February, and we needed to use an outside consulting firm since Quorum was a potential bidder on the RFP. We looked at both models, the one used now and the one we are moving to and this decision took several months. We thought this was a superior model having the senior staff reporting directly to hospital board.

Ms. Becker asked if there would be any restrictions or changes of requirements in using the same vendor but changing the contract and management style.

Mr. Storer said there are a number of changes in the contract. The essence is still the same with the key piece changed of the reporting of senior staff to board. Ms. Bomengen said she does not believe there are more restrictions. Most things are the same as before but some provisions were not clear to the Board before and now the Board is more aware of the contract and how to proceed.

Mr. Kiehl asked for the Board’s plans for transition of management into the new structure. Ms. Bomengen said the transition is ongoing. The contract starts February 1, when they lose the current CEO. The Board has been interviewing for an interim CEO and CFO to fill the positions for six months, and has got proposals from executive search teams for the permanent placements. The first step is to place individuals in the interim positions and they have identified several good candidates.

Mr. Wanamaker asked if this proposal is approved tonight and a contract is negotiated with the CEO and CFO, would those hires be subject to approval by the Assembly. Mr. Hartle said no, BRH is an empowered board.
Mr. Wanamaker objected to approval of the contract. He said the previous model worked well for the community and those who served in the positions provided excellent care and service. That model has worked and he saw insufficient reason for the change.

Roll call on approval of the consulting services contract:
   Aye: Becker, Botelho, Crane, Danner, Dybdahl, Kiehl, Smith,
   Nay: Wanamaker
Motion passed: 7 ayes, 1 nay.

X. STAFF REPORTS

A. 2012 Election Dates

   The memo in the packet outlined dates for conducting the 2012 election according to the CBJ Charter and Code.

B. Mr. Hartle said he had been asked about the status of ordinances with respect to fireworks. Last summer the Assembly adopted an ordinance, which clearly prohibited the sale of fireworks in CBJ. Prior to this adoption, the code was very unclear. There are overlapping codes, state statute, state regulation, international fire code, and CBJ amendments to the fire code. There was no clear prohibition on the use or sale of fireworks to allow enforcement. The code section was repealed on the use and possession in adopting the prohibition of sale, so there is no code at all now regarding the use or possession.

XI. ASSEMBLY REPORTS

A. Committee Reports

   Human Resources Committee: Chair Danner said the committee met tonight and heard testimony and discussed recommended revisions of the Commercial Passenger Vehicles regulations. A companion ordinance is under development.

   Finance Committee: Chair Crane said the next meeting is Wednesday, January 11.

   Sub-Committee on the Budget Survey: Chair Crane said the survey was prepared and would be available to Assemblymembers on Wednesday.

   Sub-Committee on City Manager Selection: Chair Smith said he, Mr. Wanamaker, and Ms. Becker held two meetings and were directed to create alternate processes for the manager interview. For content, they identified 20 municipal management functions to interview the candidates, and then reduced the categories to eight. The process is designed to take less time than the assessment center. Our overriding concern is for fairness as there is an internal and external candidate. They recommended an Assembly interview, a substantial written component, and interaction with the public. They met with Ms. Cosgrove, and she was ready to discuss the process in executive session.

B. Liaison Reports

   Planning Commission: Liaison Smith said the Planning Commission requested an opportunity to meet with the Assembly on mutual goals for the year.
**Eaglecrest Board:** Liaison Crane said the early opening and outstanding conditions have resulted in the highest revenues to this point in the year since 2007, and the expenses are slightly down.

**Docks and Harbors Board:** Liaison Becker said the Board sent in the Passenger Fee funding list to the city manager in the amount of $3 million. The Christmas Boat Lighting Contest in cooperation with the Yacht Club and the Chamber of Commerce was successful. Governor Parnell put $2 million in the FY 13 budget for Aurora Harbor, subject to approval by the legislature.

**Sustainability Committee:** Liaison Becker said the committee was working on the sustainability indicators and would submit those to the Assembly.

**Alaska Committee:** Liaison Becker said the 2012 Legislative Welcome Reception would be held Wednesday, January 18, from 5 – 6:30 at Centennial Hall. The Annual meeting of the Alaska Committee will be held on Saturday, January 21 at 9 am at the Travelodge Hotel. The next regular meeting of the Alaska Committee is January 11.

**Local Emergency Planning Committee:** Liaison Danner said the LEPC would next meet on January 11 at Noon in the BRH Board Room.

**Airport Board:** Liaison Danner said the next meeting was January 11, at 6 p.m. in the Alaska Room at the Airport. Agenda items include the runway safety area phase 1 project, which includes site prep for the snow removal facility. There would be a report from an engineer and architect on aspects of the infrastructure and the continued remodeling of the main entrance. The board was interested in looking more closely at the north wing of the airport and the other older parts, which were built in 1947 – 1984. The “north wing” facility has outlived its useful life. The Airport Board scheduled a special Committee of the Whole meeting on January 17 at 6 p.m. on this topic. The arctic entries were deepened at the north end and are now timed for energy savings in the facilities.

C. Presiding Officer Reports – No report.


**XII. ASSEMBLY COMMENTS AND QUESTIONS**

Mr. Dybdahl referred to the comments from Mr. Patterson regarding the smoking in the streets. The Assembly moved the problem and there may be some unintended consequences. He did not know how to address the problem and said the Assembly may not have given enough consideration to those who were willing to build enclosed smoking areas where smoke could be filtered.

Ms. Danner asked to comment on the chronic inebriate issue. There is a meeting of the Juneau Homeless Coalition on January 11. She did a “walk around” with Officer Penrose and will do another soon. She met with Dr. Carolyn Brown, who was interested in defining what Juneau’s role should be in public health, including the spread of communicable disease, drugs, alcohol, violence. The HRC agreed to invite various members to meet with the HRC to discuss this issue.
Mayor Botelho said the city manager prepared a list of proposed funding requests to the state for Assembly review, which he distributed, and asked Ms. Crane to add this to the agenda for Wednesday’s Finance Committee meeting with the goal of identifying which projects to submit and the priority.

Mayor Botelho emphasized the invitation to the Juneau Legislative Welcome Reception on Wednesday, January 18, from 5 – 6:30 at Centennial Hall, to welcome the Legislature and the Parnell administration to the community and he encouraged all citizens to take part.

XIII. CONTINUATION OF PUBLIC PARTICIPATION ON NON-AGENDA ITEMS – None.

XIV. EXECUTIVE SESSION

Hearing no objection from the public or the members, the Assembly adjourned into executive session to discuss questions for and strategies regarding candidates for city manager. Mr. Hartle confirmed that this was an appropriate topic for executive session in order to have a proper selection process.

The assembly entered executive session at 8:15 p.m. and returned at 8:55 p.m. to regular session. Mayor Botelho said the Assembly discussed the process and questions for the city manager candidates. There would be a public forum on Wednesday, January 25, in the Assembly Chambers at 5 pm to allow the public to hear from the candidates and meet casually. The Assembly will meet in executive session on Saturday, January 27, at Noon in the Assembly Chambers for interviews and deliberation. The Assembly will report back to the public at the regularly scheduled Assembly meeting on January 30.

XV. ADJOURNMENT – 9 p.m.

Signed: __________________________  Signed: __________________________
Laurie Sica, Municipal Clerk                                   Bruce Botelho, Mayor