SPECIAL ASSEMBLY MEETING
THE CITY AND BOROUGH OF JUNEAU, ALASKA

Meeting Minutes - March 19, 2019

MEETING NO. 2019-15: 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 5:30 p.m. by Mayor Beth Weldon.

I. CALL TO ORDER / ROLL CALL

Assembly Members Present: Mayor Beth Weldon, Deputy Mayor Maria Gladziszewski, Loren Jones, Michelle Hale, Wade Bryson, Carole Triem, Rob Edwardson, Alicia Hughes-Skandjis

Assembly Absent: Wade Bryson, Mary Becker

Bartlett Regional Hospital Board Members Present: Lance Stevens, Dr. Lindy Jones, Dr. Bob Urata, Brenda Knapp, Mark Johnson, Mr. Solomon-Gross, Rosemary Hagevig, Deborah Johnston, Marshal Kendziorek

A quorum of each group was present.

Staff Present: City Manager Rorie Watt, Deputy Manager Mila Cosgrove, Municipal Clerk Beth McEwen, Assistant City Attorney Megan Costello, HRRM Manager Dallas Hargrave, BRH CEO Chuck Bill, BRH Behavioral Health Bradley Grigg,

II. APPROVAL OF AGENDA

III. SPECIAL ORDER OF BUSINESS

A. Annual Joint Meeting with the Bartlett Regional Hospital Board

Hospital Board President L. Stevens highlighted the topics that are primarily of concern to the board at this time include the following:

- Status of the Sleep Off services
- Title 40 changes
- Construction capital and projects lined up
- Operating Budget for FY20
- Impact of the State Budget on BRH

<u>Sleep Off Status</u>
The Sleep Off Center is right in the middle of the Rainforest Recovery Center (RRC) remodel project and currently they are averaging only 1 client per day using the Sleep

Off Center with an expense of $800,000/year. At this time, BRH staff and the City Manager have been exploring alternatives and options as a community to provide the sleep off services outside the BRH RRC complex. Possible options include using the services of St. Vincent DePaul and Capital City Fire and Rescue (CCFR). Mr. Watt explained that it is a tricky issue and they are currently collecting information and looking at all options and will bring those back to the Assembly Committee of the Whole. Dr. Jones shared that with respect to the crisis stabilization grant, some of the people who have been directed to sleep off would benefit from longer term assistance if they wish to go into recovery.

Title 40 Changes

Mr. Stevens explained that they have been working on some changes to Title 40 over the past year. The primary changes are mostly housekeeping and formatting but one of the substantive changes includes some language related to contract work, non-compete clauses and language that allowed medical staff to supersede the board's authority. They worked with the medical executive staff as well as the previous city attorney and current city attorney on language changes to fix those concerns. There are a few more steps to be done at the BRH side before forwarding the requested code changes to the Assembly.

Capital Budget and Construction Projects

BRH Members and Mr. Bill provided an overview of the current capital budget and construction projects. BRH is working to make sure they are meeting service needs, expanding where needed and have some remodel and maintenance projects lined up. Mr. Bill provided details about a pharmacy remodel which is currently out to bid that was brought about as a result of federal requirements relating to air handling in the pharmaceutical area to ensure the safety of the pharmacists who are dispensing chemotherapeutic agents. Those changes are resulting in a domino effect including moving things around near the chemo therapy area as well as the gift shop.

Other capital improvements currently in development include Rainforest Recovery Center remodel. The detox/sleep off center is right in the middle of that project so they are working on resolving those issues while plans are being developed for the RRC remodel.

The Crises Stabilization Center is in the works and they were recently given a grant toward this project. The Center would be half adult and half youth crisis intervention, with two separate wings of the same building to maximize staffing and space needs. It would be a very extensive capital project requiring a major retrofit or demolishing and rebuilding. They are doing the final analysis at this time to determine the best course. They are currently looking at what Providence is doing for due diligence to ensure they are providing the services that are needed. It will provide an alternate from temporarily housing crisis folks in the Emergency Room (ER).

Discussion took place regarding the differences between the mental health beds currently at the hospital and how the crisis stabilization program would differ from those. They also discussed the changes that have been happening across the state as a result of overflow from Alaska Psychiatric Institute (API). BRH has been taking patients as far away as Nome. One of the biggest benefits it provides to the community is the ability to keep adolescents in town rather than sending them outside of Juneau to receive the care they need. The state has given them a substantial amount of funding to make this program work but it will take some major capital improvements to make it happen. Mr. Bill provided some of the details of the project including the different levels of care as well as the funding sources. Some of the funding will be coming from the Alaska Mental Health Trust (AMHT) as well as Premera which is investing approximately $1.5 million in this from a windfall they received due to tax law changes. The program has been on a fast track and has already been approved for the Federal Medicaid waiver program.

Ms. Hale as chair of the Assembly Public Works and Facilities Committee requested that BRH Board try to align some of the BRH CIPs with what the Assembly is working on. She would like to see them work together to align the facilities projects with the overall CBJ CIP plan. Mr. Stevens said they are in the process of working on updating an overall campus plan that will include 5 and 10 year goals for CIP projects.

Other updates include, BRH is working to find an ophthalmologist. They are also currently working on finalizing a contract with Dr. Cottstein whom they hope will be joining them within the month. They also received a request from some of the doctors to invest in the equipment for performing robotic surgery. They have brought in a third party to evaluate that option and they will be receiving that report at their next board meeting. The robotic surgical equipment has the potential for use primarily by the GYN/Urology doctors. The Blood Bank of Alaska made the rounds after opening their new collection facility in Jordan Creek. At this time, BRH is currently under contract with their current blood provider and there is not an early out option. The contract is in effect until December 2021 but that gives BRH the time to evaluate their blood supply/needs.

Operating Budget for FY20

Mr. Stevens said the Operating Budget bottom line is at $3.7 million assuming there are no significant payer changes. He said he can almost guarantee there will be significant payer changes. That was bottom line if everything went according to plan and their goal was to be able to put a balanced budget forward if they lost the rural demonstration project funds as 2020 is the last year of the rural demonstration project funding. He went on to explain how the Medicaid and Medicare program funding works with CMS (Center for Medicaid Services) setting the rules to determine hospital's eligibility for Medicare and Medicaid. Based on where we are headed given the current budget climate, they can expect some significant changes. CMS also oversees the rural demonstration project funding and BRH has been working with the congressional delegation in Washington D.C. to get those funds permitted on a permanent basis rather than it renewing every 5 years. They have the support of our delegation on this issue.

Mr. Stevens explained that one of the things with CMS and their cost calculations for reimbursement is that they currently exclude the 22% PERS add on expense. Chuck Bill went with Max Mertz, who served as an expert witness, to Washington D.C. to present their case to CMS as to why the 22% PERS is an inescapable cost and why those costs should be included in their Medicare/Medicaid reimbursement. Their testimony went fairly well and it is anticipated that it will take approximately one year before they see the final decision as to how much of those funds might be reimbursed by CMS.

Impacts of the State Budget on BRH

Ms. Gladziszewski asked if they could talk about the impacts of the current proposed state budget on the BRH budget.

Mr. Stevens said with respect to the state budget medicaid funding, there is not a lot of detail and just a cut line. If Medicaid is reduced 33-38%, based on their current Medicaid income, that comes to a $6.6 or $6.8 million shortfall. However, the devil is in the details and they do not have the details. Depending on what those details might be, that will determine which programs/services will be affected and how the bottom line will be impacted.

Assembly and BRH members discussed what that might look like to the citizens of Juneau and how the expansion of Medicaid may or may not have changed patients' behavior and use of the medical services. Ms. Hagevig gave an overview of the timelines involved. They discussed how Medicaid changes may or may not change to be exactly what it looked prior to Medicaid expansion. They touched on the charity care and how, while those services will still be required to be provided and they would be billable, they may not be reimbursed depending on what happens with the Medicaid program.

Mr. Bill explained that prior to the Medicaid expansion, they were receiving 5 cents on the dollar in reimbursement whereas once the Medicaid expansion took place, that went up to 50 cents on the dollar. The primary services impacted by the Medicaid expansion were the ER and RRC and he anticipates those services would also be the primary ones affected by cuts to the Medicaid reimbursements.

Mr. Jones asked about the impacts resulting from the crisis stabilization clientele and if those would be new patients or continuing patients being served elsewhere. Mr. Bill explained that approximately 70% would be new patients and 30% ongoing or returning patients who have been using ER services. Most of those patients are likely on Medicaid or CHIP (Children's Health Insurance Program) funding.

Mr. Stevens said if the state budget is implemented as is, the impacts will be far more extensive than just to the Medicaid piece. A large percentage of the BRH budget comes from local citizens who are employed by or retired from the state and or receive funds from state agencies and those budget cuts will also impact bottom line. There are many and various ramifications from the governor's proposed budget. Currently the payer mix is 64% paid by government (Medicaid, Medicare, CHAMP, etc…), 34% paid by commercial, and 2% is self-pay. The difference is that the commercial billing is paid at the rate of 98 cents on the dollar whereas they only receive 50 cents on dollar for governmental payments. That ratio has flipped from what it had been ten years ago. That challenges their ability to continue to provide the same services they did ten years ago. Ms. Hagevig said that some of the state insurance providers are encouraging their clients to get their services out of state.

Discussion then turned to the CBJ budget timelines and whether there may be any changes to the CBJ budget once the state finalizes its budget. The Manager has to submit a budget to the Assembly by April 5 and the Assembly has to adopt its budget by June 15. They are moving forward with what they anticipate the budget will be for 2020 and may need to amend it at a later date depending on what does ultimately happen at the state level.

BRH members and the Assembly discussed the state's proposed cuts and its ramifications to the budgets of all facets of local government. Mr. Bill explained that the federal government does provide matching funds to the state's dollars in the Medicaid program and for the pre-expansion Medicaid patients, for every dollar the state puts into the program, Medicaid matches it dollar for dollar. For the Medicaid expansion program, the feds are matching 90 cents for every dollar the state puts in. He went on to explain that when you look at the state cuts proposed, the state is looking to save $243 million out of their operation but that translates to $750 million in overall health care cuts within the state which is an incredibly bad management decision.

Ms. Gladziszewski said that all of these technical issues are complicated and she doesn't think the community members have any understanding about the hospital as an asset to our community. Mr. Johnson also said that the level of service we have at our hospital is very different from most communities this size and our isolation contributes somewhat to the uniqueness of our hospital.

Mr. Edwardson, Ms. Hughes-Skandijs, and Mayor Weldon extended their thanks to the Hospital Boardmembers for their service on the board and all the work they do on behalf of the community.

IV. 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 Ms. Gladziszewski to adopt the Consent Agenda and asked for unanimous consent. *Hearing no objection, the consent agenda was adopted.*

1. Ordinances for Introduction

   a. **Ordinance 2019-10 An Ordinance Authorizing the Manager to Lease up to an Acre of City and Borough Property Located at Lot 4, HDK Subdivision, Near Anka Street and the South Lemon Creek Material Source, to Juneau Composts! LLC for a Composting Facility.**

   This ordinance would authorize the City Manager to lease CBJ property behind Home Depot to Juneau Composts! LLC for a composting facility. The Lands Committee and the Planning Commission passed motions of support for the proposal. The Assembly, at its November 5, 2018 meeting, authorized the City Manager to negotiate a fair market value lease with Juneau Composts! LLC. The proposed ordinance will authorize a lease term for 5 years at the current market value of $200.00 per month per quarter acre.

   The City Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

   b. **Ordinance 2019-11 An Ordinance Authorizing the Manager to Lease Property known as Gunakadeit Park (Pocket Park) and Located at Juneau Townsite, Block 13, Lot 9, Near 139 S. Franklin Street to Franklin Foods LLC.**

   This lease application was initially submitted by Dave McCasland for Alaska Sustainable Seafoods LLC (dba Deckhand Dave's), but was modified on March 14 by Mr. McCasland to change the lessee name to Franklin Foods LLC. The applicant plans to use the leased land for outdoor food sales with portable restrooms and a seating area.

   On November 5, 2018, the Assembly passed a motion to direct the City Manager to negotiate a fair market value lease of the lot, formerly known as Gunakadeit Park, to the applicant.

   The Planning Commission recommended leasing the lot to the applicant for a term of one year. The term of the lease in the proposed ordinance is for one year and fair market value has been determined, by appraisal, to be $3,250 per month from May through September and $1,000 per month for the remaining months of the year.

The City Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

2. Liquor License

   a. **New Liquor License for Juneau Yacht Club License #5747**

   <u>New Liquor License Application</u>
   License Type: Club License, License #5747
   Juneau Yacht Club d/b/a Juneau Yacht Club
   Location: 1301 Harbor Way, Juneau

   Staff from the Police, Finance, Fire, Public Works (Utilities), and Community Development departments have reviewed the above license and recommend the Assembly waive its right to protest the application. Copies of the documents associated with the license are in the Assembly's e-packet or available in hard-copy upon request to the Clerk's office.

   The City Manager recommends the Assembly waive its right to protest the above-listed liquor license application.

V. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

VI. ADJOURNMENT

There being no further business to come before the Assembly, the meeting was adjourned at 6:35 p.m.

Signed: ___________________________ Signed: _________________________

Elizabeth J. McEwen, Municipal Clerk   Beth A. Weldon, Mayor