

## ASSEMBLY FINANCE COMMITTEE MINUTES

February 01, 2023

Assembly Chambers/Zoom Webinar



<https://juneau.zoom.us/j/93917915176> or 1-253-215-8782 Webinar ID: 939 1791 5176

### A. CALL TO ORDER

The meeting was called to order at 7:15 pm by Chair Triem.

### B. ROLL CALL

Committee Members Present: Carole Triem, Chair; Mayor Beth Weldon; Michelle Bonnet-Hale; Wade Bryson; Greg Smith; Alicia Hughes-Skandijs; Maria Gladziszewski

Committee Members Present Virtually: Christine Woll

Committee Members Absent: Wáahlaal Gíidaak

Staff Members Present: Rorie Watt, City Manager; Robert Barr, Deputy City Manager; Jeff Rogers, Finance Director; Adrien Speegle, Budget Manager; Robert Palmer, Municipal Attorney; Chelsea Swick, Risk Manager

Others Present: David Witthohn, Senior Portfolio Specialist at Insight Investment; Jason Celente, Senior Portfolio Manager at Insight Investment; David Keith, CEO of Bartlett Regional Hospital

### C. APPROVAL OF MINUTES

#### 1. January 4, 2023

The minutes were approved as presented.

### D. AGENDA TOPICS

#### 2. Investment Performance Update

Jeff Rogers, Finance Director, introduced David Witthohn, Senior Portfolio Specialist, and Jason Celente, Senior Portfolio Manager at Insight Investment, the City and Borough of Juneau's (CBJ) investment manager. Mr. Witthohn discussed the data presented on packet pages 7 – 15. In his presentation, Mr. Witthohn discussed current and forecasted economic conditions, personal savings and debt, the job market, residential real estate, and inflation. Mr. Witthohn expressed that the economy indicates that unemployment is at a 50 year low with more jobs available than job seekers. Mr. Witthohn explained that the economic conditions have been slowly improving, inflation has been slowing, and with low unemployment rates, it is projected that the general populous may positively impact Juneau's economy when the tourism season begins this spring.

Mr. Celente reviewed the CBJ's investment performance on packet pages 23 – 24. Mr. Celente reviewed the data on packet page 24 stating that losses have continued in Fiscal Year 2023, but have stabilized. Mr. Celente also stated that FY2023 is forecasted at ending with a recovery in estimated total returns.

### 3. Separating BRH Audit Provider

David Keith, CEO of Bartlett Regional Hospital (BRH), presented BRH's change of auditor proposed in the memo on packet pages 52 – 53. The memo requests that Bartlett Regional Hospital solicit and hire an auditing firm that specializes in healthcare administration and services. Currently, the CBJ, Juneau School District (JSD), and BRH utilize the same auditing firm. The current contracted auditing firm is Elgee Rehfeld which was selected in FY2022 on a one-year contract, with two options to renew in FY2023 and FY2024.

Assemblymembers Bryson and Hale disclosed that they utilize Elgee Rehfeld for personal auditing services.

*Assemblymember Woll left the meeting at 7:51 pm.*

Robert Palmer, Municipal Attorney, stated that Assemblymembers who utilize Elgee Rehfeld for personal and professional services, must declare they utilize Elgee Rehfeld's services and must indicate if they can vote on motions pertaining to Elgee Rehfeld in a neutral and fair manner. Assemblymember Bryson declared that he uses Elgee Rehfeld and requested to be recused from the discussion and decision. Chair Triem approved Assemblymember Bryson's request. Assemblymember Hale declared that she uses Elgee Rehfeld and requested that she remain in the discussion and decision-making. Chair Triem approved Assemblymember Hale's request.

In response to Assemblymember Hughes-Skandijs' questions, Mr. Keith explained that although BRH is experiencing unprecedented financial challenges, the potential of spending more on a new healthcare firm has the potential of allowing BRH to identify revenue and cost opportunities.

Mr. Keith responded to Assemblymember Gladziszewski's question, stating that BRH would be willing to honor Elgee Rehfeld's current contract which ends at the end of FY2024.

Mr. Rogers responded to Mayor Weldon's question about the potential cost of an audit shift. Mr. Rogers stated that he is not sure if there would be a cost change for BRH, but assumes it would increase because the cost is currently split three ways; and with a change for BRH, BRH would be solely financially responsible for their audit.

Assemblymember Smith asked if it would be advantageous to keep the same auditing firm as CBJ followed by a data analysis by a separate company to help find solutions to current revenue and cost challenges faced by BRH. Mr. Keith stated that he believes bringing in a company outside of the audit firm would not be as advantageous because an audit firm specializing in healthcare would be able to complete the audit and provide recommendations for cost savings and revenue growth.

**Motion: by Mayor Weldon directing BRH to finish their contract with Elgee Rehfeld, then seek a separate auditing firm during the next solicitation.**

**Objection: by Assemblymember Hughes-Skandijs for the purpose of an amendment.**

**Amendment: by Assemblymember Hughes-Skandijs requesting that BRH complete its contract with Elgee Rehfeld and return to the Assembly prior to the subsequent audit period to discuss the option for separate solicitation.**

**Objection to the Amendment:** by Mayor Weldon for the purpose of a question. Mr. Rogers suggested that when the next audit solicitation takes place, the solicitation be structured in a way where auditors can bid on completing the audit for all three entities or only specific entities.

**Mayor Weldon removed her objection.**

Mr. Rogers responded to Assemblymember Hale's question, stating that the first year of Elgee Rehfeld's contract was FY2021, the second year was FY2022, and the third year will be FY2023; meaning the solicitation at the beginning of FY2024 will be for FY2024, FY2025, and FY2026.

**Objection to the Amendment:** by Assemblymember Hale.

**Roll Call Vote on Amendment:**

**Ayes:** Hughes-Skandijs, Smith, Gladziszewski, Triem

**Nays:** Hale, Weldon

**Amendment failed. Four (4) Ayes, Two (2) Nays.**

The Committee discussed that without five affirmative votes, no action could take place on this topic at this meeting.

**Mayor Weldon withdrew her original motion.**

**Motion:** by Assemblymember Smith to table the discussion of the BRH audit solicitation until December 2023 or January 2024.

**Motion passed by unanimous consent.**

#### **4. Annual Insurance/Risk Update**

Mr. Rogers introduced Chelsea Swick, CBJ Risk Manager. Ms. Swick reviewed CBJ's self-insured and fully insured programs on packet pages 78 – 99. CBJ's self-insured program covers health benefits, general and auto liability, employment practices, and workers' compensation.

In recent years, CBJ's insurance premiums and deductibles have increased due to nationwide disasters, inflation, high dollar claims, and a hard market. For example, high dollar claims such as the \$5M claim for the Riverbend School flood, increases CBJ's insurance rates. Not only have recent claims impacted CBJ's rates, but the current three year hard market is the longest hard market experienced in 30 years. Because of the extended hard market, underwriting has been more difficult, resulting in insurance companies performing their own risk analysis when determining how much coverage will be provided. As a result, CBJ has experienced more restrictive coverage and it is expecting current trends to continue until the US economy recovers and starts to experience deflation.

Ms. Swick discussed CBJ's Health Benefits Program on packet pages 87 – 91. CBJ's self-insured plan covers a total of 2,535 individuals. In FY2023, total budgeted expenditures amounted to \$23.3M. Current trends in health insurance and coverage costs are expected to continue increasing in the years to come. As noted on packet pages 88 and 89, CBJ's health claims have remained relatively steady in recent years due to employee wellness programs and education offered to staff.

Ms. Swick explained CBJ's property and casualty program revenues which are provided by CBJ, JSD, and BRH to cover the costs of insurance. In response to Chair Triem's question about the amount that JSD pays for insurance, Rorie Watt, City Manager, explained that in the past JSD explored options to self-insure, but going through CBJ's insurance bundle has proven to be the most cost effective savings. Ms. Swick summarized automobile insurance on packet pages 92 and 93, explaining that claims have decreased after multiple high medical cost claims made in previous years. CBJ is currently experiencing lower workers' compensation costs as demonstrated on packet page 94.

Ms. Swick discussed packet page 98 which reviewed CBJ's current cyber liability policy, the challenges experienced, and efforts to increase coverage moving forward.

**5. Follow-up on Deferred Comp Employer Match**

Chair Triem briefly introduced the agenda item.

**Motion: by Mayor Weldon directing staff to include the cost of the deferred compensation match into the FY2024 budget, implement the program as soon as possible, and fund it with available FY2023 lapsing funds.**

**Motion passed by unanimous consent.**

**6. Waste Management Garbage Pickup Costs**

*This memo was provided for information only and was not discussed.*

**7. Info Only: FY2024 Revised Budget AFC Calendar**

*This document was provided for information only and was not discussed.*

**E. SUPPLEMENTAL MATERIALS**

**8. Updated: Annual Insurance/Risk Update**

*This document replaced the document on packet pages 56 – 74 and had already been discussed.*

**9. Info Only: Juneau School District FY2023 Additional Funding Request**

*This memo was provided as information only and was not discussed.*

**F. NEXT MEETING DATE**

**13. March 01, 2023**

**G. ADJOURNMENT**

*The meeting was adjourned at 9:24 pm.*

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