

ASSEMBLY FINANCE COMMITTEE MINUTES

September 18, 2024, at 6:00 PM
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 6:00 pm by Chair Christine Woll.

B. ROLL CALL

Committee Members Present: Chair Christine Woll; Paul Kelly; Ella Adkison; Alicia Hughes-Skandijs; Wade Bryson

Committee Members Present Virtually: Michelle Hale; Greg Smith; Wáahlaal Gíidaak

Committee Members Absent: Mayor Beth Weldon

Staff Members Present: Robert Barr, Deputy City Manager; Adrien Wendel, Budget Manager; Joe Wanner, Bartlett Regional Hospital (BRH) Chief Executive Director; Kim McDowell, BRH Chief Nursing Officer/Chief Operating Officer; Kirk Duncan, Eaglecrest Consultant; Alexandra Pierce, Tourism Manager

Staff Members Absent: Katie Koester, City Manager; Angie Flick, Finance Director

Others Present: Jonathan Swinton, Gastineau Human Services Executive Director

C. APPROVAL OF MINUTES

1. September 4, 2024

The September 4, 2024 minutes were approved as presented.

D. AGENDA TOPICS

2. Bartlett Regional Hospital Support (Supplemental Materials)

Chair Woll stated that this agenda item had been recently added to the meeting and that members of Bartlett Regional Hospital (BRH) and Gastineau Human Services (GHS) were present. She asked assemblymembers if they had any questions for these members.

Assemblymember Hughes-Skandijs asked what the Rainforest Recovery Center (RRC) transition date to GHS was and how the pending ordinance appropriating general funds for RRC, which did not cover the full RRC operational deficit, impacted their plans moving forward.

Jonathan Swinton, GHS Executive Director, introduced himself. He shared that GHS was working on a timeline of adding four beds in October to their facility for the program and four additional beds by the end of the year. He stated that in conjunction with BRH, the GHS executive leadership team was working to speed up this timeline with hopes of opening all eight beds by October 14.

Assemblymember Hughes-Skandijs asked Mr. Swinton if this sped up timeline would put financial strain on GHS.

Mr. Swinton replied that it would. He explained that GHS relies on third party payers for a large percentage of their operating revenue. He stated that the time gap between treatment billing and receiving payment for those services could put the organization in a difficult financial situation.

Assemblymember Kelly asked if the current GHS business model was sustainable.

Mr. Swinton answered that their current model was sustainable thanks to multiple funding sources from community partners, the State, and federal grants.

Assemblymember Bryson asked if additional funding would help with the program transition and if GHS had determined how much funding would be needed.

Mr. Swinton stated that additional funding would help alleviate pressure on GHS while they work to bring on four additional staff members and acquire equipment for the extra workstations. He gave a rough estimate of \$650,000 to cover expenses for the Rainforest Recovery program transition.

Chair Woll asked Mr. Swinton if there were other things GHS needed from the Assembly or BRH to help make this a patient centered transition.

Mr. Swinton responded that there were a variety of things that would help but that it would be better to present those items outside of this meeting. He stated that the housing issue remained the number one barrier to getting patients the recovery results they need. He mentioned that continued support from BRH was needed for the program's sustainability.

Assemblymember Hughes-Skandijs asked the BRH representatives present when Rainforest Recovery services were expected to transition to GHS.

Kim McDowell, BRH Chief Nursing Officer and Chief Operating Officer, responded that the original plan was to have transitioned on January 6 of 2025 but with recent staffing issues the closure date for the program at BRH had been moved to September 24, 2024. She shared that the program has seen up to ten resignations recently and that the way the program is structured, it is essential for it to be fully staffed in order to operate.

Assemblymember Bryson asked how the patients would be cared for through the transition.

Ms. McDowell explained that a majority of the patients were on track to be discharged from the program before the September 24 closure and that four patients would be left in the program. She stated that each of these four patients had a safe discharge plan with sober housing.

Assemblymember Woll asked if BRH leadership made the decision to close the Rainforest Recovery program because of direction from the Assembly at the previous Committee meeting.

Ms. McDowell answered that the Assembly direction was not a factor in the decision to close the program. She stated that the biggest driver of the decision was the influx of staff resignations. BRH leadership had come to the conclusion that without the required staff the program could not remain open.

Assemblymember Smith asked that if the Assembly had previously committed to funding \$1 million to cover half the year of the program cost, would that have changed BRH's trajectory for the program.

Joe Wanner, BRH Executive Director, shared that his opinion was that the program would still have had the same number of staff resignations if the program did not find a way to be permanently funded into the foreseeable future.

Assemblymember Bryson asked if there was a way for BRH and GHS to use the Aurora Behavioral Health facility or other needs outside of this program.

Mr. Wanner explained that this would be difficult to determine because the facility was not set up for showers and toilets to serve patients since it was originally built for behavioral health.

Chair Woll opened the floor to discussion by Assemblymembers on the issue.

Assemblymember Hale acknowledged the various difficulties occurring within the community and expressed that she saw these unfortunate situations as resulting from the post pandemic world. She stated that during this period many hospitals across the country had struggled and closed. She expressed gratitude for GHS and the work they've done to help pick up the pieces from the Rainforest Recovery program closure.

Assemblymember Bryson stated that since BRH had identified services that were not considered to be core services and had moved away from providing those services, they have been able to turn a profit. He advocated for the Assembly to move forward in alignment with BRH's adjustments and face the reality that the Rainforest Recovery program was not able to get enough funding, and bring in enough revenue, to provide the service.

Assemblymember Hughes-Skandijs expressed frustration with the current situation after much discussion at various Committee meetings and that she didn't expect the discussion to turn into a conversation about how to navigate a transition of the program. She stated that the community had expressed how important the program was. She felt it was the Assembly's duty to figure out what adjustments and allocations were needed to make the transition over to GHS successful.

Assemblymember Smith stated that at the last Assembly Finance Committee meeting there was not a motion to fund the program into perpetuity but instead a motion to provide funds for a transition. He expressed that without funding into perpetuity the staffing issues would still have become a major issue. He expressed concern over the City's fund balance and stated that the issue now was what to do with the \$500,000 that is pending appropriation to BRH to support the RRC.

Chair Woll reminded the Body that in previous Committee conversations a majority of the Assembly had expressed the desire to make funding the Rainforest Recovery program a priority. She acknowledged that the ability to go back on the decision to close the program was not feasible and she was ready to move forward in helping with the transition to GHS.

Motion: by Assemblymember Hughes-Skandijs to move to direct staff to amend the ordinance in the packet to be a grant to GHS instead of support to BRH, and update the ordinance to reflect language for "up to" \$500,000.

Objection: by Assemblymember Smith for the purpose of reviewing more GHS financial information to determine what the correct amount of funding for the transition should be.

Assemblymember Adkison expressed support for the motion and stated that because the Assembly had already decided to appropriate these funds for the program at BRH, she felt that appropriating these funds for the program with GHS would make the transition easier for the organization and their patients.

Roll Call Vote on Motion

Ayes: Hughes-Skandijs, Wáahlaal Gíidaak, Bryson, Adkison, Kelly, Chair Woll

Nays: Smith, Hale

Motion passed. Six (6) Ayes, Two (2) Nays.

The Committee recessed at 7:00 pm.

Assemblymember Wáahlaal Gíidaak left the meeting during the break.

The Committee reconvened at 7:11 pm.

3. Eaglecrest: FY25 Funding Review

Kirk Duncan, Eaglecrest Consultant, introduced himself and other Eaglecrest staff and Board members to the Committee. He described his history working in Juneau on the Mt. Roberts Tram, working at Eaglecrest as the general manager, and time spent working with CBJ in three different departments. He explained that at the direction of the Assembly and the City Manager's Office he had been asked to prepare a long-term plan for Eaglecrest. He stated that Eaglecrest had recently hired a new general manager, a new director of base operations and a new director of mountain operations.

Mr. Duncan directed the Body to page ten of the packet, which shows a memo describing the FY25 Eaglecrest funding review. He stated that Eaglecrest had requested a loan for \$518,000 in anticipation that the gondola would be up and running in FY26. He declared that at this point that goal was simply not possible. The current plan shows that, under ideal circumstances, the completion of the gondola would take two construction seasons and would not be operationally ready until summer of 2027.

Mr. Duncan stated that the Eaglecrest Board was now asking for Assembly consideration to change the Eaglecrest FY25 funding from a loan to an increase in General Fund support. He stated that in anticipating Eaglecrest's long-term business plan, cash flow projections would inform the FY26 budgeting process.

Assemblymember Bryson asked if the funding issue could be resolved by delaying the first payment on the loan until FY27 or later, when the gondola would start bringing in revenue.

Mr. Duncan replied by saying he was confident the gondola would be profitable at some point and would be able to pay back the loan but he was not certain what the timeframe for that looked like.

Assemblymember Hughes-Skandijs asked staff how this funding issue would be handled in the upcoming budget cycle for FY26 if the Assembly decided to stay with the loan and not reverse that decision.

Robert Barr, Deputy City Manager, stated that the General Fund loan would most likely be carried as a part of the Eaglecrest fund balance, which would result in a negative fund balance in the budget book. He shared that in previous discussion it was concluded that a loan for this project would not be needed in FY26 but with current knowledge of the situation, that assumption was no longer true. He stated that, from an operational perspective, the amount for the loan in FY25 would need to recur in FY26.

Assemblymember Smith asked staff if they could confirm that if the Assembly did choose to reverse the loan and provide the funding instead from the General Fund, would it have an impact on the General Fund balance.

Adrien Wendel, Budget Manager, stated that the fund balance that was previously presented to the Assembly already considered the impact of this loan and because it is unavailable for appropriation until that amount is repaid, the fund balance would not be reduced by any decision during this meeting.

Assemblymember Hughes-Skandijs asked from the funding that came out of the gondola partnership agreement with the Goldbelt Corporation, how much of these funds had been spent so far.

Mr. Duncan replied that out of the \$12 million funding from the Goldbelt partnership, \$3.5 million had been spent.

Assemblymember Bryson asked how the issue of increasing wages to help with staff retention would be addressed in the long-term Eaglecrest plan.

Mr. Duncan explained how a National Ski Area Association study showed that Juneau's average wage per position was 82% of the national average, which did not take into account the cost of living in Juneau. He described his plan of increasing the lowest paid Eaglecrest employees to roughly \$19 an hour minimum wage and then work in subsequent years to increase wages for the other employees that weren't affected by that pay bump.

Mr. Duncan moved onto the next Eaglecrest FY25 funding review items and stated that no action was needed on these items at this time. He shared that the Eaglecrest Foundation receives \$100,000 from the Juneau Community Foundation Eaglecrest Operating Endowment Fund every year and explained that one concern was that this donor funding would just get incorporated into the budget and supplant General Fund support for Eaglecrest. He stated that he was sharing this information to notify the Committee of the \$100,000 line item and to make them aware of future conversations that would need to be held to address the concern.

Mr. Duncan discussed Eaglecrest Hooter chairlift summer operations and brought up concerns for how these activities could be feasible. He mentioned that the chairlift did not have the ability for guests to ride the chairs back down to the base and that the Eaglecrest road would be littered with construction equipment during gondola construction, prohibiting people from riding the chairlift up the mountain and walking back down. This led him to take the Hooter summer operations off the table for the upcoming summer season.

Assemblymember Hughes-Skandijs asked what the timing looked like for having the signed franchise agreement between Eaglecrest and Goldbelt for the gondola project.

Alexandra Pierce, Tourism Manager, stated that in this agreement there were a number of operational items needing to be worked out, things like which organization's staff needed to work on which part of the project and who controlled the point-of-sale system. She shared that once the new Eaglecrest general manager was brought up to speed with the project, discussions with Goldbelt could commence.

Motion: by Assemblymember Hughes-Skandijs to move to direct Finance and the Manager's Office to view the \$518,000 General Fund loan as an increased General Fund subsidy instead, to be considered as one-time funding.

Motion passed by unanimous consent.

The Committee recessed at 7:57 pm.

The Committee reconvened at 8:03 pm.

4. Glacier Outburst Flood Response Appropriations

Chair Woll reminded the Body that at a previous meeting after the 2024 glacial outburst flood there was a request for \$3 million that began the conversation about long-term mitigation strategies and that the Assembly decided to move forward with that ordinance. The topic for tonight's meeting was to discuss which funding sources would provide for the \$3 million appropriation.

Mr. Barr pointed the Body to the memo on page fourteen of the packet which identifies potential funding sources for glacial outburst flood mitigation.

Assemblymember Kelly asked about one of the potential funding sources on the memo where a notation on the memo explains that \$505,000 in funds were expected to be reimbursed from the State. He asked whether the approximately \$400,000 remaining funds were expected to be coming from the federal government and if that amount was expected to be repaid.

Ms. Wendel responded that \$400,000 was funded from Water Utility Funds for repairs to the Mendenhall Wastewater Treatment Plant due to damages sustained during the flood.

Chair Woll directed Assemblymembers to share their ideas on the topic in an organized matter in a similar fashion to the discussion process during budget conversations.

Assemblymember Smith expressed support for de-appropriating \$2 million from the UAS Fisheries Terminal project.

Assemblymember Hughes-Skandijs agreed with Assemblymember Smith's idea and added that while she was opposed to de-appropriating \$900,000 from the Affordable Housing Fund, funds that the Coogan Construction Company had not claimed as a loan, she would support moving funds from the Restricted Budget Reserve and the Capital Civic Center project.

Assemblymember Hale expressed concern for moving funds from the Restricted Budget Reserve. She expressed support for de-appropriating the \$900,000 from the Affordable Housing Fund and clarified that the Affordable Housing Fund would still be sufficiently funded. She expressed opposition to moving funds from the Capital Civic Center project, citing recent large donations that will help to ensure progress on the project if the Assembly stays committed with its support.

Assemblymember Kelly expressed support for de-appropriating \$2 million from the UAS Fisheries Terminal project and expressed opposition for de-appropriating \$900,000 from the Affordable Housing Fund.

Assemblymember Bryson expressed opposition to de-appropriating \$900,000 from the Affordable Housing Fund and moving funds out of the Restricted Budget Reserve. He expressed support for de-appropriating funds from the Capital Civic Center project and stated that this project was not integral to the community's essential health and safety.

Motion: by Assemblymember Smith to move to direct staff to introduce a resolution de-appropriating funds from the UAS Fisheries Land Terminal Purchase Capital Improvement Project.

Motion passed by unanimous consent.

Motion: by Assemblymember Kelly to move that the AFC's intent is to fund the additional \$1 million from the flood appropriation from FY24 personnel service lapse.

Objection: by Assemblymember Hughes-Skandijs.

Roll Call Vote on Motion

Ayes: Kelly, Hale

Nays: Hughes-Skandijs, Smith, Adkison, Bryson, Chair Woll

Motion failed. Two (2) Ayes, Five (5) Nays.

Motion: by Assemblymember Hughes-Skandijs to move to de-appropriate \$1 million from the Capital Civic Center project.

Objection: by Assemblymember Hale.

Assemblymembers Kelly and Smith both expressed opposition to the motion.

Roll Call Vote on Motion

Ayes: Hughes-Skandijs, Adkison, Bryson, Chair Woll

Nays: Hale, Smith, Kelly

Motion failed. Four (4) Ayes, Three (3) Nays.

Motion: by Assemblymember Hughes-Skandijs to move to direct staff to draft an appropriating ordinance from the Restricted Budget Reserve, with a repayment plan outline that is to be worked out with staff.

Motion passed by unanimous consent.

E. NEXT MEETING DATE

5. November 6, 2024

F. SUPPLEMENTAL MATERIALS

6. Bartlett Regional Hospital Support

These materials were discussed under Agenda Topic #2.

7. Eaglecrest Supplemental Information

These materials were discussed under Agenda Topic #3.

G. ADJOURNMENT

The meeting was adjourned at 8:35 pm.