



City and Borough of Juneau  
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TO: City and Borough Assembly  
FROM: Katie Koester, City Manager  
Robert Barr, Deputy City Manager  
Angie Flick, Finance Director  
DATE: August 28, 2024  
RE: Funding Options for Bartlett Hospital Non-Core Programs

This memo is in response to the discussion and direction provided at the [July 15, 2024](#), Committee of the Whole (COW) regarding Bartlett Regional Hospital's (BRH) fiscal sustainability and resolutions related to the Hospice and Home Health Programs and the Rainforest Recovery Center (RRC) Program.

The community needs reliable and effective resources for vulnerable populations at critical junctures in their lives. The City and Borough of Juneau provides these resources for Southeast Alaska through Bartlett Regional Hospital, governed by an Empowered Board, and include hospice, home health, and inpatient substance use disorder treatment. BRH's leadership have categorized these services as non-core and identified that, at present, they do not generate enough revenue to cover expenses. In addition to CBJ provided resources, providers of similar services are compiled at <https://www.juneaumentalhealth.org/services>.

### **Summary of July 15, 2024, Meeting**

Below is a quick outline of the CBJ recommendations from the last COW.

- Staff is directed to bring an ordinance to the Assembly Finance Committee (AFC), funding the anticipated deficit of Home Health and Hospice for FY2025 with no identified funding source.
  - BRH is committed to maintaining these two programs and believes these will be fiscally sustainable in the future (within 5 years) without assistance from CBJ.
- Staff is directed to add Rainforest Recovery Center to the AFC agenda without an ordinance for discussion on data needs, how much to fund, and from what funding source.

### **Request from BRH for direct support in FY25 = \$2.1M**

Program	Maximum subsidy amount based on forecast
Home Health	\$200,000
Hospice	\$186,000
Rainforest Recovery Center	\$1,760,000
<b>TOTAL</b>	<b>\$2,146,000</b>

### **Other Related Financial Matters**

Over the last 8 months, the Manager and Assembly have put aside their own priorities for the city to address financial issues brought forward by the Juneau School District (JSD) and Eaglecrest. While the JSD financial stage may be stable for FY25; the script for FY26 has yet to be written. The financial and operating landscape of Eaglecrest remains an active and ongoing discussion. In

addition to JSD and Eaglecrest, voters will voice action with financial implications in the October election. Finally, all three unions will be negotiating with CBJ this year for the next three-year collective bargaining agreements. Historical outcomes would indicate additional general fund resources needed to meet these agreements starting in FY26. As the Body considers a path forward for general fund support of BRH, it is imperative subsidies lasting longer than FY25 (one-year) be accompanied by a revenue source for that subsidy.

### **Manager's Office Potential One-Time Funding Sources**

At the July 15, 2024, COW the Assembly asked for a list of potential one-time funding sources to fund hospice, home health and Rainforest Recovery for the current fiscal year. Below are some options:

<b>Source</b>		<b>Amount</b>
<b>BRH Fund Balances</b>		<b>\$32,000,000</b>
• <i>Operating Fund</i>	<i>\$6,400,000</i>	
• <i>Capital Projects (active)</i>	<i>\$10,600,000</i>	
• <i>Board Designated (reserved for future capital projects, excludes active CIP projects)</i>	<i>\$15,000,000</i>	
<b>FY25 Forecasted CBJ GF Fund Balance</b>		<b>\$5,647,129*</b>
• <i>FY25 Forecasted ending GF Balance through budget cycle</i>	<i>\$6,302,129</i>	
• <i>Emergency Resolution</i>	<i>\$655,000</i>	
<b>FY24 Savings not included in budget forecast</b>		<b>\$2,190,000</b>
• <i>Assembly Grant - Child Care <sup>∞</sup></i>	<i>\$190,000</i>	
• <i>Anticipated additional personnel savings above \$4M</i>	<i>\$2,000,000</i>	
<b>Other Potential Funding</b>		
Coogan Alaska LLC AHF Loan <sup>^</sup>		<b>\$900,000</b>
Capital Improvement Projects		
• <i>UAS Fisheries Terminal Land Purchase</i>	<i>\$2,000,000</i>	
<i>The Assembly could re-appropriate funds from any number of capital projects (City Hall, Capital Civic Center, etc.) as long as the original funding source is general fund.</i>		

\*This includes \$2.8M of revenue from the 1% sales tax that historically has been appropriated to voter approved projects on the 1% list.

<sup>∞</sup> The FY 25 Grant MOA includes language indicating AEYC can utilize carry-forward funding for Childcare Business Start-Up and Expansion Program in the subsequent year. The figure above represents the carry-forward amount from FY24 to FY25.

<sup>^</sup>In the FY24 Affordable Housing Fund (AHF) round, the program received more applications than available funding. The Assembly appropriated \$1.6M from the GF fund balance to the AHF to be able to meet demand and award two loans. Coogan Alaska LLC has not yet taken the loan and has asked to revisit essential terms and conditions. Staff encouraged Coogan LLC to apply for the current round of AHF with the new terms.

## **Manager's Recommendation**

### **Home Health and Hospice**

BRH Leadership has provided a five-year time frame to make the Home Health and Hospice programs self-sufficient. Assuming a straight-line five year need for these two programs, we can anticipate requiring \$1.9M over the five-year period. This may be overstated given the path forward towards fiscal sustainability for these programs.

The Manager's Office recommends that BRH provide the information regarding the anticipated shortfall of these programs as part of the budget process and the Assembly provide the Manager direction each year at the annual winter retreat.

The COW directed an ordinance be presented at AFC for FY25 Home Health and Hospice support. It is included in the packet. If the AFC wishes to move this forward to the full Assembly for action, potential funding source could be the General Fund directly from Fund Balance or through deappropriating another project.

### **Rainforest Recovery Center (RRC)**

The COW desired additional information prior to making any decisions about financially subsidizing RRC. Questions were asked about the impact of Gastineau Human Services' (GHS) increased services and its anticipated impact on the population utilizing RRC. Included in your packet is a presentation from BRH explaining the differences between 3.1 and 3.5 level care. In summary, they both provide residential treatment of substance use disorder within a 24-hour structured program. Level 3.5 has additional medical supervision and more hours of structured programming.

The Manager's office met with leadership from BRH and GHS to discuss the possibility of collaborating to provide varying degrees of substance use disorder treatment services in the community in a more sustainable manner. GHS currently provides 3.1 services and has the ability to expand treatment beds. Through right sizing the number of beds, collaboration with BRH staff, and some level of Assembly subsidy, there could be a path in future fiscal years that requires less than the \$1.76M BRH is requesting. If the Assembly is committed to providing robust substance use disorder treatment services in Juneau with direct support, the body could fund RRC in some amount this year to demonstrate to the public, RRC employees, and BRH the Assembly's commitment to providing treatment locally. In the meantime, direct staff to continue conversations about collaboration with community partners and collect information on the need in the community for all levels of substance use treatment.

### **Ongoing General Fund Support for Bartlett Services**

Providing BRH with general fund resources for long-term support requires determining a source of long-term funding. The Manager will need direction no later than the winter retreat as the FY26 budget process will be underway. Ongoing revenue sources include current general property or sales taxes which would require either an increased mill rate or direction to cut other city services in exchange for new priorities.

### **Recommendation**

- Amend Ordinance to fund Hospice and Home Health from General Fund balance.
- Demonstrate a commitment to ongoing support for substance use treatment by funding RRC to some degree in FY25 and direct staff to collaborate with BRH and Gastineau Human Services on a continuum of care for substance use disorder treatment in Juneau.