



P.O. Box 46
Kotzebue, Alaska 99752-0046
(907) 442-3401 [City Hall]
(907) 442-3742 [City Hall-fax]
saimachase@gmail.com

April 9, 2024
[via email]

Tim Gilbert, President/CEO
Maniilaq Association
P.O. Box 256
Kotzebue, Alaska 99752-0256
tim.gilbert@maniilaq.org

Dan Bain, Chief Financial Officer
Maniilaq Association
P.O. Box 256
Kotzebue, Alaska 99752-0256
daniel.bain@maniilaq.org

Re: City of Kotzebue/Maniilaq Association EMS Contract

Dear President/CEO Gilbert and Chief Financial Officer Bain:

It is with a heavy-heart I write this letter after the City Council and I reviewed your three-page Memorandum of April 2, 2024, a copy of which is attached hereto, at our Regular City Council Meeting (“RCCM”) on Thursday, April 4, 2024. The tone, tenor, misrepresentations, misunderstandings and omissions in that Memorandum are unfortunate to say the least. It is certainly not what we had expected from Maniilaq Association, our decades-old partner, which has worked with the City of Kotzebue to “*provide high quality Emergency Medical Services (“EMS”) to the City and the entire Northwest region through ground transports from Medevacs and the Health Center.*” To that end, I must set the record straight so that going forward – whatever our relationship may be in the future – regarding the misrepresentations, misunderstandings and omissions contained in your April 2, 2024 Memorandum do not go unchallenged.

Comments at the March 21, 2024 City of Kotzebue RCCM (regarding the EMS Contract): Maniilaq’s distress about the on-the-record discussion of the EMS Contract and progress to that date of the efforts to negotiate a new Contract shows a fundamental misunderstanding about the operation of local government in Alaska. The Open Meetings Act (“OMA”), AS 44.62.310-312, in Alaska requires that meetings held by a governmental body be open to the public. According to AS 44.62.312, while a governmental unit’s purpose is to “aid in the conduct of the people’s business,” this purpose does not result in a forfeiture of the people’s sovereignty or right to determine what information they can access. Further, the people have a right to be informed so that they have the power to “control ... the instruments they have created.” *See* AS 44.62.312. (The OMA is narrowly construed.) Although Maniilaq Association does not apparently operate under the dictates of the OMA, the City of Kotzebue is required to do so and the “*public comments*” at the March 21, 2024 RCCM were not inappropriate nor were they inaccurate. If Maniilaq Association was advised that the City of Kotzebue can negotiate public contracts in a Star Chamber-type setting, such advice was inapposite.

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Budget deficit allegations: Maniilaq Association's claim that the City of Kotzebue operates a "deficit" budget and is seeking to "balance its budget" using these Contract negotiations shows once again a fundamental misunderstanding of local government operations in Alaska. See, Kotzebue Municipal Code 3.04.070 (**Encumbrance—Conformance—Lapse—Transfers**, *No budget appropriations may be encumbered without prior certification by the city manager that there is an unencumbered appropriation sufficient to cover such encumbrance and sufficient funds available to meet the expenditure....The city manager shall not permit without council approval, during any budget year, an expenditure or contract incurring any liability in excess of the amount appropriated for each department of the city.*) So, unlike the federal government which can borrow money and print money at an unfettered rate, the City of Kotzebue must balance its budget each year with the revenues available. To the contrary, the City of Kotzebue has used other General Fund Revenues, i.e., sales tax, bed tax, alcohol tax, tobacco tax, to subsidize the under funded EMS Contract to make up for Maniilaq's long-term refusal to pay its fair share of providing "*high quality Emergency Medical Services ("EMS") to the City and the entire Northwest region through ground transports from Medevacs and the Health Center.*" Furthermore, the Government Finance Officers Association (GFOA) recommends that local governments maintain reserves equal to two months of operating revenue or, put another way, equal to 16.7 percent of annual revenue. Hence, protestations to the contrary by Maniilaq are a misrepresentation and a serious misunderstanding of how local governments operate in Alaska.

"The City did not provide justification for the increase past inflation": This statement by Maniilaq Association is unfortunately a complete, inaccurate statement of what has occurred to date in these negotiations. Last Fall when these negotiations commenced, the City of Kotzebue prepared detailed packets of information regarding the costs of providing EMS services including, *inter alia*, a comprehensive analyses of the EMS services broken out by residences of patients receiving those services. This information was provided to the City Council. Was this same information provided to the Maniilaq Board of Directors? If not, I would respectfully request that your Board of Directors be provided this important information and have an opportunity to review it before any final decision is made on this EMS Contract.

Ultimatum/Final Offer: Maniilaq's ultimatum in its Memorandum of April 2, 2024 is not worthy of our partnership over the past several decades. (Note: prior to 2009, it would appear that Maniilaq Association did not provide any funding for EMS services in Kotzebue and the Northwest region. If that is incorrect, please provide information regarding Maniilaq Association's contributions to this vital public service prior to 2009 and I will stand corrected.) Rather than seriously jeopardizing the health, safety and well being of our mutual clients/patients – the residents of Kotzebue and the Northwest region – in continuing to "*provide high quality Emergency Medical Services ("EMS") to the City and the entire Northwest region through ground transports from Medevacs and the Health Center*" I would respectfully renew the City of Kotzebue's request for our two bodies – City Council of the City of Kotzebue and Maniilaq Board of Directors – to meet in a joint session for a frank, open discussion of how best to proceed with this most important matter.

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If this renewed request for a meeting between our two bodies is denied, please confirm your Memorandum of April 2, 2024: (1) is the **Section XII: Right to Terminate this [EMS] Agreement** (thirty (30) days written notice) under our current 2018 Memorandum of Agreement, (2) sets the date of termination of the current MOA as June 30, 2024 and (3) sets a take it or leave it deadline of Monday, April 15, 2024 for your **FINAL OFFER**. Your prompt response to these specific inquiries would be much appreciated.

In conclusion, I would hope the misrepresentations, misunderstandings and omissions as set out herein are considered by Maniilaq Association before your ultimatum of April 2, 2024 is effectuated. To proceed in a “take it or leave it posture” is not in keeping with our Iñupiaq Values, is contrary to our decades old partnership in not only this matter but in many other endeavors and will not serve the best interests of our People.

Respectfully,
CITY OF KOTZEBUE

Saima Chase, Mayor

Attachment: Maniilaq MEMORANDUM of April 2, 2024 [3 pages]

cc: City Manager [via email with attachment]
City Members [via email with attachment]
KFD Fire Chief [via email with attachment]
City Attorney [via email with attachment]
Individual Maniilaq Board of Directors [via email with attachment]
Maniilaq General Counsel [via email with attachment]

MEMORANDUM

April 2, 2024



MANIILAQ
ASSOCIATION

TO: Tessa Baldwin, City Manager
CITY OF KOTZEBUE

THRU: Tim Gilbert, President/CEO
MANIILAQ Association

FROM: Dan Bain, Chief Financial Officer
MANIILAQ ASSOCIATION

RE: City of Kotzebue EMS Contract

INTRODUCTION:

The City of Kotzebue (City) and Maniilaq Association (Maniilaq) have a long and productive history of working together to provide high quality Emergency Medical Services (EMS) to the City and the entire Northwest region through ground transports from Medevacs and the Health Center. Maniilaq's total contribution to the City for EMS services is approximately \$400,000 annually through:

- Monetary contribution totaling \$330,000;
- Loaned ambulance vehicles;
- EMS supplies and pharmaceuticals;
- EMS training resources,
- EMS Occupational health screenings; and
- EMS Medical Director.

Despite these investments, Maniilaq has recently been made aware of public comments the City has made regarding our partnership as a burden to the City budget and a hardship to the community. If that is the case, Maniilaq could alleviate this burden by operating Medevac transport services at a more cost-effective rate than the city is currently charging. Maniilaq is proud to have fostered a relationship with NANA's Qavvik Air Ambulance Service to provide Medivac services to the region. With this relationship, Maniilaq can provide Medevac transport services in Kotzebue while supporting our sister organization and regional economy.

While Maniilaq is more than willing to come to an equitable arrangement with the City, we cannot compensate for the City's general budget deficit's outside of the costs of EMS services. Maniilaq is a regional organization and must provide medical services to all twelve communities within the regional service area. Since other Northwest communities do not receive EMS services from Maniilaq, it would be unethical to compensate for the City's general budget deficit issues with regional funding.

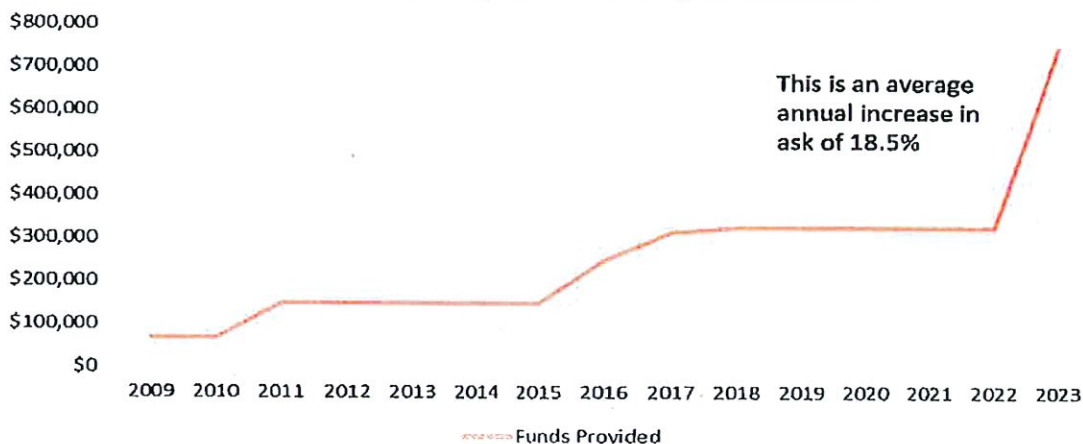
FINAL OFFER: Deadline April 15, 2024

It is Maniilaq’s intent to continue our productive relationship with the City. We believe that our December 27 offer of \$432,600 covers the costs of our patients and provides the city with an additional \$30,000 to assist with training of EMS staff. The December 27 offer of \$432,6000 is Maniilaq’s final offer, and will be retracted if the City does not respond by **April 15, 2024**. Maniilaq will continue to operate under the existing MOA until at least June 30th, 2024. However, Maniilaq cannot operate indefinitely on a month to month basis, and will work towards finalizing other solutions as soon possible with a goal of terminating the MOA with City on July 1, 2024.

BACKGROUND:

Throughout the negotiation process, Maniilaq has tried to adequately compensate the City for Maniilaq’s services and address areas of collaboration. Maniilaq has negotiated this issue in good faith and provided the city with sound justification on our dollar amount determinations.

Figure 1. Cash Payment to City of Kotzebue



In September 2023, the City of proposed a new agreement more than doubling the monetary component of the contract to \$750,000 bringing the total cost to Maniilaq over \$800,000 (see Figure 1 above). The City did not provide justification for the increase past inflation.

In October 2023, Maniilaq attempted to address the City’s inflation issue and offered a total monetary compensation of \$402,600 annually. The \$402,600 proposal was determined by accounting for the 22% Consumer Price Index inflationary growth rate since the 2018 agreement was signed.

In November 2023, the City countered Maniilaq’s proposal with a \$610,000 monetary amount without fiscal justification. The proposal included collaborative language regarding applying and implementing the State’s supplemental emergency medical transport (SEMT) program, which would provide significantly more revenue to the City.

On December 27, Maniilaq countered with the amount \$432,600, which is the previous amount Maniilaq proposed plus an additional \$30,000 to assist the City’s internal

training needs. As strong community partners, Maniilaq also accepted the City's request to work collaboratively on the SEMT program, acknowledged the City's request for regimented Medical Director schedule, and promised to work towards acquiring a new GSA ambulance.

CONCLUSION:

Maniilaq is still willing to meet and discuss the outstanding items of the cost of the contract and collaborating on the State SEMT program. While Maniilaq continues to negotiate in good faith, it's unfortunate the City has made partial public comments regarding the contract negotiations. As community partners, we hope to come to an agreement and continue our productive working relationship. Alternatively, Maniilaq is prepared to alleviate the burden of our Medivac needs by contracting the service to another provider.



Grace Singh, Manilla General Counsel

→ grace.singh@manilaq.org

* need to confirm this e-mail address



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Village: Point Hope
popsy@astacalaska.net



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Village: Kiana
ljwalker@manilaq.org



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Village: Deering
bonita_barr@manilaq.org



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johnettacleveland@hotmail.com



Isabelle Booth, Member
Village: Kivalina
Isabelle.booth@maniilaq.org



Toni Raye Bergan, Member
Village: Kotzebue
toniraye.bergan@maniilaq.org



Percy Ballot, Member
Village: Buckland
percy.ballot@maniilaq.org



Tanya Kirk, At-Large
Village: Noatak
tanya.kirk@maniilaq.org



Vida Coaltrain, Member
Village: Selawik
vida.coaltrain@maniilaq.org



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Village: Noorvik
jessica.snyder@maniilaq.org



Nellie Griest, Member
Village: Shungnak
nellie.griest@maniilaq.org



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