

**CITY COUNCIL WORK SESSION  
DECEMBER 27, 2011 @ 12:00 PM  
LIBRARY MEETING ROOM  
MINUTES**

**A. CALL TO ORDER**

*Vice-Mayor David Reggiani* called the Council Work Session to order at 12:06 pm on December 27, 2011 in the Library Meeting Room.

**B. ROLL CALL**

Present for roll call were Council members *Keith van den Broek, David Allison, Bret Bradford* and *David Reggiani*. Mayor *James Kallander* and Council members *James Kacsh, EJ Cheshier* and *Robert Beedle* were absent. Also present was City Manager *Mark Lynch*, City Clerk *Susan Bourgeois* and City Attorney *Holly Wells* (via teleconference).

**C. COMMUNICATIONS BY AND PETITIONS FROM VISITORS**

1. Audience Comments regarding agenda items – none

*Mayor Kallander* joined the meeting at 12:10 PM

**D. WORK SESSION TOPIC**

2. Attorney explanation of Code changes necessary for Hospital Management

*Wells* explained that the process started with negotiations with Providence leading up to an agreement that will be before Council as a resolution at the next meeting. The next step is to come up with a strategy to deal with 2 issues; governing bodies effective management of the hospital and the PERS activity. With PERS if you remove a position you have to pay a termination study and roughly 22% of the on-going salary of that person. That is difficult and challenging with one person but when you are talking 60 some employees it could become crippling. We have had many meetings with PERS and Providence to make sure all three entities can be satisfied in the agreement. We want to change the management of the hospital without somehow removing all the employees from PERS and triggering a multimillion dollar issue with PERS. Thanks to those meetings we have been told by PERS that we will not have issues by transferring the management but we will have to deal with the removal of the CEO position. The next step is going through the City ordinances as they were not written with a management company in mind. We don't want to just fix the ambiguity in Title 14 of our City Code we will completely replace that section to reflect what will happen in reality. That replacement will come later down the road. What we are looking at changing now is just what is needed in order to allow the City to sign an agreement with a management company. This will be the second ordinance that will deal with the increase in the City Manager's spending authority from \$15K to \$25K. That amount can be approved by the City Manager or by his designee according to Code. This would allow him to tell Providence to go ahead and buy the medical supplies and such that they need. *Reggiani* thanked her and said the need for the City Manager's spending limit increase makes sense to him now. He clarified that the need to do these few ordinance changes before the actual replacement is because we are dealing with a time sensitive issue on the agreement. *Wells* confirmed *Reggiani's* clarification and added that she wants PERS to hold our hand every step of the way in communications so there are no surprises. We can't rely on them to be timely in their response so we need to give ourselves time in a step by step process. *Reggiani* asked if there was a downside to going in a step by step process. *Wells* responded that there is not because it is protecting the City from PERS having problems with the process. *Allison* stated that these changes are just to Code not the Charter so there will still be a conflict in his mind until the complete section replacement takes place. *Wells* responded that it will still be subject to interpretation but feels we have a defensible position. *Allison* stated that he does not like being in a defensible

position, he would rather be in a position that we do not have to defend. He added that he is concerned that Providence may not give 100% till they have full governance. There is no real mitigation to the concern, both sides are working in good faith, but the concern still stands. **Wells** responded that both sides are working in good faith and the relationship between the City and Providence has been very good thus far. It would be a bad business decision for them to not give 100% and she does not see that happening. **Mayor Kallander** stated that he conceded this point with Providence early on. We wanted to get them into place as soon as possible. **Lynch** offered that if at any point Council would like to know the numbers on PERS to let him know. Either way it will cost us money. Council concurred that they are aware it will cost a lot of money. **Bradford** asked about the City Manager spending limit increase, which he doesn't mind doing for the City Manager, but has a concern with him turning that authority over to someone else which ultimately would allow that person to spend up to \$25K. **Wells** responded in the affirmative but added that it would be up to **Lynch's** discretion. It would just allow them to move freely in that dollar range, if they were to spend more than that they would still have to come to Council. **Allison** added that they will still have a budget that gets approved by Council and if they spend too much they will have to ask for an amendment. **Wells** agreed with **Allison** adding that ultimately it is the City's money and we have to watch it. **Wells** stated that later down the road we may want to have a work session to discuss how the City Council will be sitting as the Health Services Board (HSB) in regards to meetings, roles and involvement. Council may want to add a member with more experience when they sit as the HSB. **Reggiani** agreed with **Wells** that that would be a worthwhile work session. **Lynch** stated that part of that work session might be a discussion on the Charter change too. It would probably require a City Special Election if it were to be done before March of 2013. **Wells** stated that if Council wished to approve the agreement with Providence she recommends they pass the ordinance to increase the City Manager's spending limit. **Reggiani** stated **Wells** addressed his concerns and that he will support this ordinance at the second reading. **Bradford** stated he feels comfortable moving forward. **Allison** stated he will support it because he is in support of the end goal. He is still uncomfortable with the conflicts and ambiguity between Code and Charter. **Van den Broek** stated he feels comfortable with the process. He does have a little concern with the \$25K increase just because it could encompass any department. He would feel more comfortable if the wording were changed to be medical specific. **Lynch** stated that he can't think of very many instances where a purchase of \$25K would not come to Council as a budget change. The budget is the overriding factor. Council discussed a future work session. **Mayor Kallander** stated that Council needs to understand a public corporation and how that looks as opposed to the City Council just taking over the responsibilities of the HSB. Everything needs to go past PERS. He asked **Wells** to explore the governance options and put them into a simple format for Council. She agreed to have the information to the Clerk by the 4<sup>th</sup>. They discussed a resolution to turn the HSB responsibilities over to the City Council to be passed by both the HSB and the City Council.

**E. AUDIENCE PARTICIPATION - None**

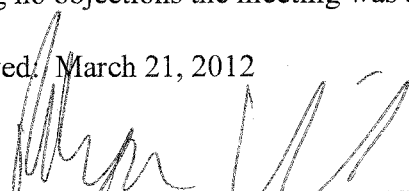
**F. COUNCIL COMMENTS**

**G. ADJOURNMENT**

**M/Allison S/Bradford** to adjourn the work session.  
Hearing no objections the meeting was adjourned at 12:57 PM

Approved: March 21, 2012

Attest:

  
Robyn Kincaid, Deputy City Clerk

