

**CITY COUNCIL SPECIAL MEETING
JANUARY 23, 2013 @ 12:00
LIBRARY MEETING ROOM
MINUTES**

A. CALL TO ORDER

Mayor James Kallander called the Council Special Meeting to order at 12:00 pm on January 23, 2013 in the Library Meeting Room.

B. ROLL CALL

Present for roll call were *Mayor James Kallander* and Council members *Tim Joyce, James Kacsh, David Allison, Bret Bradford, EJ Cheshier,* and *Robert Beedle*. Council member *David Reggiani* was absent. Also present were Interim City Manager *Don Moore* and City Clerk *Susan Bourgeois*.

C. APPROVAL OF AGENDA

M/Kacsh S/Bradford to approve the agenda.

Vote on motion: 6 yeas, 0 nays, 1 absent (Reggiani). Motion passes.

D. DISCLOSURES OF CONFLICTS OF INTEREST – None.

E. COMMUNICATIONS BY AND PETITIONS FROM VISITORS

1. Audience Comments regarding agenda items – None.

F. NEW BUSINESS

2. HSB Recommendations for Hospital Repairs/Renovations

M/Allison S/Kacsh to direct the City Manager to proceed with the CCMC facility exterior EIFS repair and refinishing project, by amending CH2MHILL's contract to include the design, bid, and construction phase services for the cost of \$61,200.00 based on the Health Services Board recommendation.

Mayor Kallander questioned *Moore* about the budget, stating that there were 10% contingencies on every item, but that left the margins very small. *Moore* stated that in his experience, 10% contingencies would be sufficient. *Hallquist* stated that there were some buckets in the budget for administration services, for about \$50,000, and it wouldn't be used because he is now staff instead of under contract. *Kallander* stated that he just wanted Council to understand where the budget was. *Cheshier* stated that he wanted to amend the budget just enough to complete the project.

Vote on motion: 6 yeas, 0 nays, 1 absent (Reggiani). Motion passes.

3. Financing options for Electronic Health Records at CCMC

Allison stated that the Hospital needed to buy an EHR system. One of the financing options available was at 6% interest, would probably only need to be financed for a little over half of the proposed amount. The other option was to use money from the permanent fund, and that would be for payments only; and the interest would be a little under 6%. *Mayor Kallander* stated that he would like to authorize the full amount requested from the permanent fund, so the Council wouldn't have to keep addressing the matter. He would also like to discuss if they should charge interest, and at what amount. He went on to say that the City's investment is reaching close to 6% interest. *Cheshier* stated that the last amount recorded in the budget was 2-3%. *Kacsh* stated that he was more comfortable having the hospital finance the cost, than using money from the permanent fund. *Bradford* agreed with *Kacsh*. *Joyce* questioned what the actual balance in the permanent fund was, as they were funding other projects from there as well. He also said that he was in favor of a low interest loan at about 2%. *Moore* stated that he needed a status report on the permanent fund, and he did not have that readily available. *Mayor Kallander* stated that last fall, it was at about \$5.5M, but he was unsure where it stood presently. For this particular project, he stated that it was about a three-year loan, and Medicare and Medicaid would be making a large portion of the repayments. He was also in favor of collecting interest on this project, rather than giving it

to a financial institution. **Cheshier** agreed with **Mayor Kallander**, and thought they should charge about 3%. **Allison** agreed that the project would be a quick turn-around in terms of repayment to the City, should they use the permanent fund. **Beedle** wanted to know the amount currently in the permanent fund as well. **Moore** stated that he was unsure of the exact balance, but funding this action would be safe. **Beedle** also questioned the estimated grant funding in the proposed budget. **Allison** replied that it wasn't actually grant money, but money recovered through Medicare and Medicaid, and was essentially a guaranteed amount. **Bradford** commented that the Federal Government could be questionable in how much they would fund Medicare and Medicaid in the future. He also needed reminding on if they had approved funding for the 911 system this year. He stated that it was also coming from the permanent fund, and was at least \$500K, with a long payoff. **Moore** stated that it was not a part of the budget yet. **Bradford** stated that he was on the fence as to use the permanent fund or not. **Kacsh** said that it sounded like the permanent fund was being reduced pretty quickly, and that he would be for another funding method if possible. **Cheshier** stated that he hates paying for credit loans, when they could just make the payment. In addition, the hospital is essentially a part of the City so either way City would be paying in the end. **Joyce** stated that he is leaning towards doing the loan, but that the hospital has a line of credit with the City with a balance of about \$200K. He thought that anytime the City could reduce their expenses, it would extend that particular line of credit. He continued that this was almost a guaranteed return, because of the Medicaid and Medicare reimbursements. Lastly, he restated that the electronic records needed to be in place within the next year. **Allison** was also in favor of doing the loan, as most of it would be repaid in two years. Additionally, in order to get the expected funds in 2014, the EHR's need to be in place by this year. For that to happen, it needed to be ordered pretty quickly. **Bradford** decided that he was in favor of doing the loan, as it was only a two-year payback. **Cheshier** mentioned that the UBS line of credit might be an option, but did not have any other information to base a decision off of. **Moore** stated that the UBS line of credit was set up primarily for the Cordova Center, and a portion of it had already been used to pay a couple of bonds that were due February 1st. Other than that, he stated that there was some credit available. **Mayor Kallander** discouraged the Council from using the UBS line of credit, as it would be a few more months till they knew where they stood financially with the Civic Center. **Beedle** still wanted to see a permanent fund report, but if the loan was used from it, he wanted the interest rate to be at least equivalent to what the City was currently making. **Moore** recommended that the City fund the project out of the permanent fund. He thought that it would be safer and more reliable. **Mayor Kallander** asked Council to support moving forward with the City funding the project with the permanent fund, contingent on first seeing a favorable balance in the permanent fund. **Joyce** stated that by funding the project this way with a 2% interest rate, he thought that in the future they wouldn't have to provide a supplemental income to the hospital, which could potentially raise the tax rate for the people of Cordova. **Allison** stated that anything encumbered through the permanent fund through 2014 was minimal. **Beedle** asked if there were any grants that could help with funding. **Allison** stated that option would be too late in order to get it up and running this year. **Kacsh** asked if a decision needed to be made that day, in order to move forward in time. **Allison** stated that installation needed to be started by March, in order to not lose some of the "meaningful use" money in 2014. He thought it should be decided that day.

M/Cheshier S/Kacsh to fund the CCMC's Electronic Health Record system with a loan from the permanent fund at 2.5%.

M/Beedle to amend the motion to have the interest rate equal to the term of the USB investment, not to exceed 4%.

Kallander stated that there was no Second to the motion.

Vote on motion: 6 yeas, 0 nays, 1 absent (Reggiani). Motion passes.

Joyce stated that the next step was to draft an Ordinance to remove money from the permanent fund.

M/Kacsh S/Cheshier to take the money out of the City's general fund or UBS initially, and then have it paid back by the permanent fund.

Mayor Kallander reiterated what Moore had said earlier, which was that there was that there was a short term cash flow issue. His understanding was that when the 4th quarter return came in, they would pay back UBS. **Moore** stated that he would consult with the Finance Director. If it turns out that funds could be taken right out of the general fund, then he would bring back a structured report. After some discussion, **Allison** clarified that the next step was to authorize staff to work with the hospital to find out how much money, and when they needed it; and to move forward with it. In the meantime, **Moore** could work at getting the reports back to Council.

Vote on motion: 6 yeas, 0 nays, 1 absent (Reggiani). Motion passes.

G. AUDIENCE PARTICIPATION – None.

H. COUNCIL COMMENTS – None.

I. ADJOURNMENT

M/Kacsh S/Bradford to adjourn the special meeting.

Hearing no objection, the meeting was adjourned at 12:50 pm.

Approved: May 1, 2013

Attest: *Erica Empey*
Erica Empey

