

**Minutes of Regular Assembly Meeting
Held February 28, 2012**

Mayor Jeremy Maxand called the regular Assembly meeting to order at 7:00 p.m., February 28, 2012, in the Council Chambers. Assembly Members McCloskey, Stokes, Jack and Privett were present. Assembly Members McConachie and Symons were absent. Borough Manager Timothy Rooney and Borough Clerk Christie Jamieson were also in attendance.

Pledge of Allegiance was led by Assembly Member Mike Symons.

Invocation was given by Nettie Covalt with the Presbyterian Church.

Community Presentation – None.

AMENDMENTS TO THE AGENDA:

Moved by Jack, seconded by Privett, to amend the agenda by adding agenda item #13f to New Business -Discussion of Proposed Ordinance Changes to 3.32.007- Membership; 3.32.030 Hospital Administration; 3.32.090 Annual Reports to Assembly. Motion approved with Stokes voting nay.

Moved by Privett, seconded by McCloskey, to amend the agenda item #13g to New Business – Amend Legislative Capital List for Hospital Replacement by reducing the \$3 plus million dollars to \$1.8 million dollars. Motion approved unanimously by polled vote.

CONFLICT OF INTEREST:

None.

CONSENT AGENDA:

Moved by Privett, seconded by McCloskey, to approve Consent Agenda Items () 6a, 7a, 7b, 7c. Motion approved unanimously by polled vote.*

APPROVAL OF MINUTES:

*6a Minutes of Assembly regular meeting held February 14, 2012, were approved as presented.

COMMUNICATIONS:

- *7a Minutes of Port Commission regular meeting held December 1, 2011 and regular meeting held January 11, 2012
- *7b Travel Summary for month of January 2012
- *7c School Board Action for regular meeting held February 20, 2012

BOROUGH MANAGER'S REPORT:

- Administrative – Congressman Young's Visit – March 12, 2012; Downtown Revitalization Plan – next meeting 3/1/12 @ 10:00 a.m.; National Emission Standards; Nolan Trust; Lemonade Day; Coffee with the Mayor on 3/2/12 from 9-11:00 a.m.; Meeting Change Reminder for Assembly, from 3/13/12 to 3/6/12
- Economic Development – Wrangell Economic Cluster Initiative
- Capital Projects – City Dock Rehabilitation; Evergreen Elementary School Playground Project; Front Street Electrical Undergrounding Design Build; Marine Service Center (MSC), Concrete Paving; Etolin Street and Medical Campus Utilities Assistance; Wrestling Mat Athletic Equipment

BOROUGH CLERK'S FILE:

- Upcoming Dates to Remember
- Alaska Open Meetings Act Presentation – March 9th & 10th
- Alaska Constitution – Article 13 – Amendment and Revision
- Audio Media Distribution System – Assembly Meetings
- AAMC Committees
- Vacation – March 11th – March 26th

MAYOR/ASSEMBLY REPORTS AND APPOINTMENTS:

10a Reports by Assembly Members

Mayor Maxand said he's had the opportunity to sit in on the TBPA meeting that was held last week; it was a really good discussion between the Wrangell and Petersburg TBPA Commissioners, and there was a really healthy discussion about power allocation issues since our peak loads with our electrical conversions for heating have gone up; we are trying to work out between the two communities how we are going to share and allocate that power; fortunately right now, it's only an issue during a short period of time until we bring new hydro on; I also wanted to comment that our Light Superintendent Clay Hammer, who is a member of the TBPA Commission did an excellent job representing the Borough in that discussion; he made very clear the position of the City in terms of power allocation as well as some potential solutions to that; if you see him, let him know that he did a good job, and I just wanted to communicate that to the public and to the assembly; we are lucky to have him on board to doing that; I also had an opportunity today, the Governor was making

phone calls to mayors around the state and they coordinated a call through Christie's office; I thought I was going to be on a conference call with other mayors like we've done with congressional delegates but I actually got a call on my cell phone from Sean Parnell; we had about 15 minute conversation and I just gave him a brief update on, things were moving a bit quicker with the Downtown Revitalization, that we were getting close to going out to bid on the new hospital project, and that we needed some remaining funding to complete that project; we talked about the Marine Service Center and the harbors, and the success that infrastructure has brought forward to businesses in town; we talked about the mill site is important for future industrial expansion; he talked about a couple of issues, oil and gas tax issue; I think he was in general impressed with what Wrangell has been doing; it was a really good conversation and I was glad he was making those sorts of phone calls directly and one on one from representatives in communities; that was neat; this week I will be attending the Wrangell Cooperative Association meeting with the Murdock Foundation regarding the Shakes Island Project and the Carving Shed, and making some brief comments in support of what's going on with the tribe and those projects in town; that should fun event to be at; it will be at 6:00 p.m.

10b Certificate of Service – Samantha Satchell – Planning & Zoning Commission
Mayor said Samantha is not present this evening but the certificate will be mailed to her for her services as a board member from November 2011 to February 2012 to the Planning & Zoning Commission.

10c Appointment to the Planning & Zoning Commission
Mayor Maxand said one letter of interest was received and that was from Betty Keegan. Mayor Maxand appointed Mrs. Keegan to the Planning & Zoning Commission. The remaining members of the assembly had no objections.

PERSONS TO BE HEARD:

Janell Privett, 222 Ocean View Drive, requested she thought long and hard about bringing this to the council regarding homes dangerous and decapitated and cannot be occupied. It is a hazard to people and children playing in them; I know there are various processes that can be done to clean up properties. She would like the assembly to give direction to the city manager to look at options. She said if you drive around and through neighborhoods, there are also properties within residential areas that are being used for storage, but if you actually drive around and look there are some places behind Totem Park, up next to the Walker's, a Victorian home that might not be restorable, Mrs. Gillespie's home that has been condemned, that are not being occupied. That is her request.

Borough Manager Rooney said he would be happy to look into those items, and bring forth something back in March.

Assembly Member Privett said they are derelict properties in terms of the structures, not only they are unsafe for the general public but they are also breeding grounds for feral cats and animals, rats, and if we can burn them down and eliminate it, at least we've forced that population to another area, so we deal with it a little bit more; the bottom line, it is a serious problem and we ought to address and there is no reason not to.

UNFINISHED BUSINESS:

None.

NEW BUSINESS:

13a Consideration and Appropriate Action Relating to a Proposed Second Amendment to the Lease Agreement for the Belt Freezer Facility between Trident Seafoods Corporation and the City and Borough of Wrangell

Moved by Jack, seconded by Stokes, to approve Second Amendment to the Lease Agreement for the Belt Freezer Building, as presented.

Borough Manager Rooney said we were contacted by Trident Seafoods regarding a potential second amendment to their existing lease agreement; what they would like to do is have the ability to process fish oil extraction in the Belt Freezer Facility; they would need to install some extraction equipment in the facility, and some floor drains, a pumping system, and exchange for that ability; they would like the first right of refusal to purchase the property should we ever want to sell it; that's not a problem for us to give them because right now, if we were to sell that facility, it would take a vote of the people anyway, but more importantly, they want to add two to three jobs as part of that new added business that they would be doing; they provided us an estimate of how much they would process; they do 850,000 pounds of pink salmon per day; 17% of that amount is the head of the pink salmon, and from the head they get 3.5% of that weight would represent the amount of fish oil expected to be extracted; that at a penny per pound of finished fish oil amounts to about \$50 per day for us; during the chum salmon season, that's about a million pounds of chum per day; 17% of that amount is the head, and 2.75% would be the oil; that comes out about \$47 per day; all the other leases with Trident expire next year; we tried to look into this, how much is it worth; this is new territory for us; we have some concerns; some things that we would like see changed in the existing leases but we don't think it's fair to hold this lease hostage on what we have concerns about the other lease agreements; they are expire next year; we would like this one to expire next year so that then after a year of doing this, we will have a better grasp on this processing and make some changes to the other leases;

so staff would recommend approval of the second amendment to the lease agreement for the belt freezer building as presented.

Mayor Maxand said he thinks this is great; he received a call from their regional manager months ago now, and he went down and took a look at the facility where they want to install this equipment, and talked to them about what their future plans are; I expressed our support in helping them, either develop future technology or if they have future emerging technology in the fish processing industry, we would definitely be fairly represented our perspective that we would be willing to stand with them and do that; they were very receptive to that; I think it's good; they got dinged pretty hard for reporting errors through EPA this last year; our plant was not one that dinged but I think this is also good because it's a preemptive solution to discharging waste into the water; it's good to see them being proactive about this; it will create jobs; when we re-negotiate those leases, it might be good to make sure that we have local hire preferences in there as well; make sure we have some incentives for professional developing local folks in Wrangell, who want to get a job with Trident and manage these types of facilities; I would be really supportive in seeing that happen.

Assembly Member Jack said it was his understanding that Trident would be doing this at their expense.

Borough Manager Rooney said yes; we have looked at, if we ever wanted to sell the Belt Freezer Building, because we got that money to build it from a grant, you have to pay back the grant on a sliding scale; so the potential exists, it would just depend on how serious they want to get about that and how serious we want to look at that, but we did look into that to see what we would need to do.

Assembly Member Privett said the fish oil capsules are out there; a lot of people take them, I'm one of them; it would neat to be able to actually buy a product that's being processed from your own community, of a little town of 2,411; this is really a bonus for us; that is the whole point of this thing originally; it is all coming to past.

Motion approved unanimously by polled vote.

13b Consideration and Appropriate Action Relating to a Recommendation from the Hospital Building Committee regarding the Type of Roof Structure to be included in the Construction of the Proposed Wrangell Medical Center and Long Term Care Replacement Facility, and Proposed Project Budget

Borough Clerk Jamieson said there are two separate motions that need two separate votes.

Borough Manager Rooney reads his memo into the public record. He said he will begin with the roof system first as follows:

Roof System: As result of comments and concerns expressed by the public at Assembly Meetings, the Hospital Building Committee asked representatives of American Health Facilities Development, Layton Construction, and David E. Johnson Architects to review the roof system that would be included in the base bid (Low Slope Roof) and an alternative roof system (Gabled Roof - Standing Seam Metal) and provide an estimate in the cost differences between the two. Additionally, the team was asked to review the functionality of each roof design. The two different roof systems are outlined:

Low Slope Roof System

- Included in the base bid
- Consists of membrane roofing with a 20 year warranty
- The interior drain system directs ice and snow away from the edge of the building
- Drains would be heated near the surface of the roof to discourage ice damming
- Utilizes a flat steel beam structure and deck
- Less seams than may be customary for this type of roof due to large sheets of rubber

Gabled Roof System

- Not included in the base bid
- Standing seam metal roof with a 20 year warranty
- All ice and snow is directed to the edge of the building where it can accumulate in front of windows, walls, openings, sidewalks, etc.
- Gutters and downspouts to maintain
- More joints at hips, valleys, seams, etc.
- Less likely to leak at center of the building

The estimated cost difference between the two types of roof systems is \$2,714,477 with the cost breakdown of the Gabled Roof system attached for your information and review, as well as visual renderings of each roof option. There is not increased warranty length with the Gabled Roof System and it is estimated that the Low-Sloped Roof System could be replaced if needed up to nearly three times before reaching the cost level of the initial installation of the Gabled Roof System. Quite simply, while the Hospital Building Committee, like many members of the public, would welcome the installation of the Gabled Roof System over the Low Sloped Roof System, the cost/benefit analysis for that type of roof system does not support its installation. The Hospital Building Committee unanimously recommended Assembly approval of the Low Slope Roof system at the meeting on February 13, 2012.

Moved by Jack, seconded by Stokes, to approve the Hospital Building Committee's recommendation to approve the Low Sloped Roof System.

Assembly Member Jack said ravens love those black neoprene roofs; they eat them up; anybody can see around here, 20 years, they can give you a written guarantee all they want, it won't last that long.

Assembly Member Privett said we are building a \$26 or \$29 million dollar building, and the best we get out of it is a 20 year roof guarantee; I don't care if it's this way or that way; that still seems a little bizarre to me.

Borough Manager Rooney said I think the 20 year comes with the base bid; I think you can add additional year warranty and pay for more; they were trying to compare apples to apples; if you get this roof, you get a 20 year; if you want to purchase additional warranty, kind of like when you buy a car, you can do that.

Assembly Member Privett said how are they going to change the roof, to give us additional warranty; is it thicker; I'm not a contractor; I'm just asking stupid questions I guess.

Assembly Member McCloskey said what is the peak; is there a peak whatsoever to a low slope.

Mayor Maxand said pitch.

Borough Manager Rooney said I think it was included in the information you got; it is a very low slope; exactly what the slope is, I don't know; but again, it directs it to an interior drain as opposed to an exterior edge of the building.

Assembly Member Privett said Mark wants to speak; he should know this information.

Mark Robinson, WMC Board President, 8.5 mile Zimovia Highway, said the low slope roof is designed to have a quarter inch per foot slope, which is the national standard for runoffs; it is designed for the water to runoff; that pitch is what the national standard is; that is what Julie Covington recommended and also Layton and our building owner representative recommended; it's interesting, these things are what you call Alaska merit materials; they call them rubber but they are some sort of a synthetic compound; we've been using them in the mining industry for years; the material like is about 100 years on these things; the 20 year life is a guessing game; they had a roof in Ketchikan on one of their hospitals, its 50 years old; they've had some problems that we've talked about in our hospital construction

committee meeting about a phase maintenance programs and we have a program now at the medical center for our roof up there; it just doesn't stay there by itself; it stays there because we have a constant maintenance program on that roof, and the new building we can do the same thing.

Mayor Maxand said when you say a phased maintenance program, what do you mean?

Mark Robinson said as it gets older, there will be other things that you will have to do to it that you don't do to it when it's young; these materials lend itself to rejuvenation and things like that.

Assembly Member McCloskey said she can understand pitch, quarter inch per square foot slope.

Mark Robinson said no, quarter inch per foot slope; there is no pitch.

Assembly Member Privett said in 24 feet, you have a 6 inch drop; I just did the math; that kind of gives you a rough idea; you can extrapolate that out to 48 feet, you are talking about one foot but they are talking about heated drains but it still essentially pretty much flat.

Mark Robinson said it's not like a flat, if you look in your packet, it has trapezoids, in the center of each one of those has a drain; essentially this complex design drains to a central down spout that is internal to the building and that's what its important; we don't have down spouts like we have on our conventional buildings in town or at the hospital right now; the downspouts actually drain inside the building and then out; that means they will be heated.

Assembly McCloskey said so they drain down through the whole building but drain out through the roof portion.

Mark Robinson said they drain down through the building and then out so you control the runoff, otherwise if you have the regular pitched roof, it's pretty tough to control the runoff, let alone buildup of ice on the edge of the gable, not only dangerous but hard on the building, because you can have a massive large weight on the edge of the building; one of things that we talked about was how tall the pitch; we were going to have a pitched roof on this building, it is so wide, the actual roof itself would be 32 feet, just the roof; I don't know how tall the modular was; do you remember Tim.

Borough Manager Rooney said I think 12 feet.

Mark Robinson said I think they are 12 feet; you would have the peak of the roof is another 32 feet above that, of unusable space.

Assembly Member Privett said seems to be a lousy design to begin with but that is all he has to say.

Janell Privett, 222 Ocean View Drive, ex-school board member, said she would encourage this committee to find out the warranty and how close to salt water you can be, because the warranty terminated for the Kadin Building roofing because they were too close salt and seawater. She encourage the Assembly to do a tour of these great membrane roofing on Wrangell School or have John Maxand come talk to you; it is not simple; things grow under there; for \$29 million dollars, there has to be way to make a little more than a flat roof because to replace a membrane or try to fix one, they will come in and tell you what have you done to fix it; you can't touch that membrane even if you have a leak because they were pruning trees and that was enough that the warranty no longer worked. To say it is going to work, but two roofs have not worked in this community, put in by professionals, with 20 year warranty, too close to ocean water; there is a lot of detail to it; I don't know of Pam McCloskey went on that tour but some had height problems; you can look at tiny roofs around town, some at the school that are flat and some with moss; I would like to see what they are proposing to this company and see how this company is going to respond, and if they are going to sign a contract for 20 years is nothing; I'm totally against a membrane and I have to believe if we can send people to the moon and back, there has to be a way to work with a gabled roof or whatever kind that can give us a slight slope without a membrane.

Assembly Member McCloskey said is the company that is guaranteeing the 20 year warranty, they are willing to come to Wrangell to actually do any kind of work.

Borough Manager Rooney said that was also part of the discussion with the company, that they would come and install the actual roof system.

Assembly Member McCloskey said but they would be willing to come to Wrangell if there was a problem with it.

Borough Manager Rooney said he would assume so; again the 20 year warranty is all he can go on.

Bob Maxand, 319 Church Street, as a retired contractor, who has worked on the school and the Kadin Building; I'm dead set against a flat roof and that is what you are getting; they are going to push it on you because they want to get the project done; they will come up with all sorts of cost figures; when I sat in a meeting months ago, I believe it was a 25-30 year guarantee; now it's changed quite a bit; the thing I'm really concerned about a flat roof, is

the ones in town here, there is no vegetation, no trees growing anywhere near them, and there were five foot trees on the gym roof; and if you go up this spring once things start blooming, right on them roofs by the pool, you will see grass growing a foot or two above, and they haven't been touched or maintained; and this one will not be maintained but I guarantee you, the whole area is surrounded by trees and the southeast wind blows all the pines, all the vegetation off those trees, is going to go on the flat roof, and the water is not going to wash it off; you're going to have a mess; I guarantee you in three years and you are not going to have people up there maintaining it, I can tell by up here; I'd recommend a pitched roof; I don't know, I haven't looked at the new plans but I think you are very foolish if you don't, and Mark talked about a metal roof, and ice built up; Kadin Building put that metal roof on there, I believe it's about a 4/12 pitch, and they put ice stops, snow stops, there are three of them on the front, and we've had some good snow and hard winds and rain and ice, and there hasn't been a problem; that is all hogwash too; as a contractor, I would recommend with a pitched roof; they might have to pay a little bit more money; the taxpayers shouldn't have to pay for it; it should come out of the hospital; thank you.

Assembly Member McCloskey said she knows gabled roofs are massive and huge; she is trying to visual different houses in Wrangell; not everyone has gabled roofs; there are just sloping pitched roofs.

Borough Manager Rooney said he thinks it has to do with the size of the actual floor plan of the hospital, of it all being one floor, that to get the roof sections in the middle of the building, to drain outward, the pitch has to be so high in the center or the height has to be so high in the center.

Assembly Member Privett said if you are stretching out 100 feet wide to get that pitch, you've got to go 32 feet this way; if you are going out 24 feet wide, you're only going up so far is an example; that is what the difference is.

Borough Manager Rooney said again the hospital building committee, two of the members are in the audience tonight, we would all to love a pitched roof, however when you look at the cost breakdown, what it cost initially, the cost is a huge difference.

Assembly Member Jack said he is a firm believer in doing it right the first time; I don't believe a flat roof is going to work; they will eventually be paying more than a \$2.7 million dollar difference to repair and replace it.

Borough Manager Rooney said he doesn't disagree however when you are looking at a project with a low sloped roof that is already potentially \$1.8 million over budget, this would add another \$2.7 million to that \$1.8 million figure; where is that money going to come from?

Assembly Member McCloskey said it does say in here things haven't gone out to bid also.

Borough Manager Rooney said no, and on the actual budget item, which follows this item, we haven't gone out to bid but I don't think you're going to make up \$4.5 million.

Assembly Member Privett said well, I don't know, the City Dock \$3.5 million came in about a million dollars under; there is always that potential; if you extrapolate all of that out, maybe there is \$4-5 million dollars of wiggle room.

Borough Manager Rooney said when we get to that item, we took a lot of things out of the initial bid on City Dock because we were worried about the price; we'll be able to put a lot of those items back in; I don't know if how much you can take out of this hospital project, to get that type of a savings.

Mayor Maxand said his feeling is that this is not the hospital that the people of Wrangell deserve but this is certainly the hospital that the people of Wrangell are going to get and the process that we have had to go through to get here, has been far from perfect and although we have tried as a body to make sure that we brought this project in alignment with our Codes and our ordinances and the law and the vote, and legal review, and public conversation, we ultimately are going to have to make a decision that a lot of people, including myself, are not going to like; that is the reality I think; I will vote for moving this project forward because we need to get the new hospital built but I will also be recommending at the next assembly meeting or two, that this body appropriate on an annual from the reserves of the hospital, funding that goes into an account that guarantees that on the 21st year, if that roof fails, there is enough money sitting aside to replace it; we are not going to come back wondering who will pay for that roof; we are going to make sure that we do, like a lot of other public projects do with their vehicles, equipment or their buildings, and we have an R&R fund and we plan, unfortunately for failure, because in his mind, it will probably what will happen; I will be less happy as a member of the Assembly if we get down to zero count and we have not moved forward with our USDA loan, and we've missed construction season, and all of these sorts of things; I know we've pushed this issue from day one; heck, we've pushed conventional construction which is what we were promised from day one; I've got a copy of the economic impact analysis and the flyers that were nice and glossy that went out, and nowhere in there does it say anything about that we may build modular; what it says is, 262 construction jobs and \$11 million dollars in cash and fusion into the local economy by building a conventional hospital that was planned to be two stories with a pitched roof, with views for long-term care, built by people in this community; now that is not what we ended up with, and that's unfortunate but we have a decision to make this evening, and we need to talk about it.

Assembly Member McCloskey said this 20 year warranty, is this warranty going to cover everything up to the 20 year period of time; is it going to cover the heaters, is it going to cover every single stitch of that membrane; I mean everything; we are not going to have a depreciation period, this little part of membrane is no good anymore, you can't have this; I'd like to know.

Borough Manager Rooney said he would try to get her a copy of what that warranty would be.

Mayor Maxand said let's do that.

Amber Al-Haddad, Projects Manager, 11.2 mile Zimovia Highway, said her experience for warranties with roofs like that, just coming from a construction industry is that, what that manufacturer is warranting is that their product will not fail and its number one, the product material itself, number two, you have an installation warranty; so what those manufacturers normally require, is a company that certified to install their product; if that installer fails to install it properly, there is a different issue there; so you've got a warranty on the product itself, possibly a warranty on the installation but when that product fails, there will be a big investigation to why did that fail; if its potentially ravens, they are not going to cover that; there is no warranty to cover issues like that; if it wasn't installed properly, the manufacturer is most likely to say, you need to contact the installer; they are certified and they are probably have liability coverage but ends up happening at that point of time.

Assembly Member McCloskey said you are up here in "lala" land fighting for this piece of roof to be rebuilt and put back together and during this period of time our roof is failing and leaking and who is going to come up with the money to put it in; they are hoping that you win.

Al-Haddad said failure from not just the roof membrane itself, it could be from the eternal structure of the roof as well.

Assembly Member McCloskey said it could be as simple as the heaters failing but you still have that possibility, you're fighting a lawsuit plus still having a roof that's leaking that needs to be replaced.

Al-Haddad said right but that manufacturer of the membrane, they are only warranting that product; some may cover depending on who the installer is; there could be a relationship with the manufacturer that they may work hand in hand for issues like that; there is no

depreciation on the product; your 20 year warranty just means that within that 20 year, it could be first year or it could be the twentieth year but if something fails that falls under the warranty and what that warranty covers, then they will address it accordingly.

Carl Johnson, Public Works Director, 304 St. Michaels Street, said the most recent experience the City's had with a flat roof is the high school roof; the material itself was fine; some of the seams failed; they had leaking problems over the years with that type of a flat roof system; I'm definitely not a proponent of flat roofs but on that project we replaced both metal roof and the flat roof, they both failed; not just the flat roofs; the elementary roof has done really well; it is a different type of flat roof; the membranes on the surface and not buried under insulation where you can't see problems, cannot fix them; same goes for the elementary roof now, the newer flat roof; it used to be a hot tarred roof at one time, now it's got the rubber membrane on top with the heated gutters, it does seem to work better; it's been there 15 years or more; there has been leaks in the middle school roof but there are easy to find and easy to fix because it is a different type of system; the roof system we are dealing with replacing now isn't all that old, it is the community center roof which is a pitched roof, metal roof, it has completely failed so it's not just flat roofs; loved to have a pitched roof, I think they would be better off but with the building designed as it is and huge as that roof would have to be, there is a reason you see these big buildings with flat roofs; my two sense.

Mayor Maxand said and there is a reason you see those buildings with flat roofs in different climates, not southeast Alaska.

Borough Manager Rooney said one other thing and he did point it out in the memo; this flat roof would have fewer seams; they did point that out then what a typical flat roof would have, based whatever product they are using.

Janell Privett, 222 Ocean View Drive, said she wasn't sure if she heard Carl Johnson correctly; Assembly Member McCloskey and I were presented with pictures when we were on the school board of roots growing on the roof; the warranty was well over; during that time they would not come do the maintenance.

Bob Maxand, 119 Church Street, talked about the fall of 1994 when the roof leaked in the gym during a ball game; in the new hospital, there is duplication of doctor's offices; why are we duplicating; there are some hidden things.

Carl Johnson, said the high school roof was fixed horribly; the roof leak was repaired after that; the representative worked for Johnson Construction; that is a warranted roof; the hospital roof is not the same system at all.

Recessed 8:04 p.m.

Reconvened 8:09 p.m.

Mayor Maxand said if this doesn't get approved, what does the situation look like?

Borough Manager Rooney said under the current budget scenario, you would need to come up with approximately \$2.7 million more dollars for the gabled roof and it would also cause some delays in the design and the package going out to bid; as you know, we have to sign the loan for the USDA by June 1st; if we lose that date, we lost \$24 million dollars.

Assembly Member Jack said through all the discussions of this building, there are several points that were stated to build it onsite would cost \$2 million dollars more; to build it modular and with a gabled roof on it, it will cost \$2.7 million dollars more, to build it onsite for \$2 million dollars more, you would save \$.7 million dollars.

Mayor Maxand said that number is not accurate.

Assembly Member Jack said he said he knows; for this whole project, nothing has been accurate; we've been fed a line through this whole thing.

Assembly Member Privett said he doesn't know if we've been a fed a line or not but from his perspective he has a difficult time with this, and this is the June 1st deadline as an example with the USDA; are we going to have actual contracts onsite or is it going to be out to bid; is that the anticipation of the hospital committee so to speak; when I say hospital committee, don't get me wrong, I'm talking about the City's portion of that as well; whatever you want to call it, the construction team.

Borough Manager Rooney said bid documents would be created, hopefully by the middle of April, we would go out to bid, you have about a 21 bid period that is required, and we hopefully we would putting bid packages in front of you for both the site work, and the component portion for review and action by the Assembly in May; I agree, it's a terribly tight schedule but it is the hand that we've been dealt with.

Motion approved with Privett and Jack voting nay; McCloskey, Stokes and Maxand voting yes.

Borough Manager Rooney said the second item has to deal with budget for the project. The hospital building committee met on February 13, 2012, and reviewed the sheet that is attached in your memo that has both the USDA budget, the budget reconciliation, and the

working budget; at that meeting, the budget was unanimously approved; there seems to be confusion as to what budget was approved; it was my understanding that the budget that we were approving was the USDA budget; the working budget is \$1.7 million above what we have funding for; after I've put together the memo and sent it out to the review team of the hospital building committee, three members of that committee believed that the working budget was approved; as a borough manager I cannot recommend that you approve a budget that is \$1.75 million above what we have funds for; that is not something we do; I believe if you begin working toward that end at a budget that is \$1.75 million above what you have funds for, sooner or later, you've got to figure out where you are going to get that money from; I think it would be irresponsible to do that; my recommendation would be that the Borough Assembly adopt the budget that was approved by the USDA in August of 2011, at \$29,369,825.

Moved by Privett, seconded Jack, to approve the Hospital Building Committee's recommendation to approve the proposed project budget as presented, which is \$29,369,825.

Mayor Maxand said I agree; I think if we were to pass budgets that were above and beyond what we had funding, at least today, let's start calling up contractors and paying the Marine Boat Haul out, and a bunch of other stuff so we can write a check for it but we can't cash; that being said, we are going to be requesting the final remaining amount of money to reach the working budget; so in your assessment, we pass this budget, budgets can be amended, is this going to be a problem.

Borough Manager Rooney said amending the budget, should we get additional funding?

Mayor Maxand said in terms of our ability to go out and get additional funding.

Borough Manager Rooney said no; the other thing that is important to note, that I wouldn't put in the memo, the Certificate of Need that was issued for the hospital that came about as a result of negotiations between Wrangell Medical Center and the State Health and Human Services Department; that Certificate of Need was approved, gave the project budget a \$26.6 million with the understanding that the project budget could go 15% above that; 15% above that is \$30,590,000; this \$31 million is even above what they could do under the Certificate of Need without going back and requesting that to occur; not only is it uncomfortable to me as an administrator that you would approve a budget that's more than what you have funding for, but that you would also approve a budget that's more than what the Certificate of Need allows, without getting additional approval from them, which I want to be fair; they have noted that if we need additional approval, they would do an

expedited review and it probably wouldn't be difficult to do so but as of right now, we don't have that approval.

Mayor Maxand said we have to make that request.

Borough Manager Rooney said yes.

Mark Robinson, WMC President, 8.5 mile Zimovia Highway, said he agreed with everything that Tim Rooney said; there are two budgets; there is a working budget and there is the approved budget; the problem that we are facing, there isn't anybody in that room, that believe, including the representatives from Layton, the owner representatives, and all the people, that believed that we could build that hospital as designed for \$29.3 million; that is an important point; the working budget for the hospital after months of trying to find ways to reconfigure the modules so that we have a lower cost going out to bid on modules, when these things are built, they are built on a jig in a factory, and if you lower the number of jigs setups for different size modules, then the price goes down; even working that, we worked on an option but we don't furnish the thing; which is by the way, \$1.7 million if you take the furnishings out; you cannot have a hospital without beds; so that is not an option; we have been working really hard to lower the working costs; right now within our meeting, most of the architects and Layton and the building representative can't find anymore to take out of the building; so the building as configured, is basically bottom line at \$31.1 million and change; one of the issues that I have is that we are in a position where the City & Borough has asked our senator to find some money for the capital budget, \$1.7 million; if you go to Juneau and use the \$29.3 million budget and say we can build it for that, we have the money for it, why are we asking for \$1.7 million for? That is the very question that Stedman asked Noel today; if the building is going to cost \$29.3 million, and you have \$29.3 million, why are you asking me for another \$1.7 million; he doesn't care if there is a working budget out there and an actual cost budget; he wants to know why this perception is, we have enough money; why are you asking for more?

Borough Manager Rooney asked how did Senator Stedman receive a copy of this budget; we haven't even approved it.

Robinson said \$29.3 million budget is on the streets; everyone knows that; we've been talking about it for months; it hasn't been a secret; we don't have any secrets on the hospital committee; so one of the problems in Juneau is actually getting the capital appropriation; we get the capital appropriation, we have \$31.1 million; it's a working budget; if we don't get, we have \$29.3 million and I don't know what happens after that, and no one on that committee will happen; we can't predict; we don't have a crystal ball; we don't know what will happen if we don't make \$31.1 million; what I would recommend

is that you pass the working budget at \$31.1 million with caveat ending receipt of funds, period; if we don't get the money, game will be over anyway; I think Dave is right, we are at that tipping point; are we really going to build this project or we not going to build this project; there is no money out there; we shook the trees from Washington to Juneau; there is no money; the money train is dried up; all organizations are not giving money either; I think at a max on what to expect to find; unless something happens, Bill Gates decides he is going to fund the whole thing; all I'm asking you to do is give Senator Stedman a chance to fund the capital appropriation; you can change that budget anytime you want anyway; the mayor is right, the budget that you pass doesn't mean anything because you can change it at the next meeting but it's a big deal, perception wise in Juneau; does that make sense?

Janell Privett, asked if Senator Stedman received an official letter from the hospital or the City of Wrangell for this budget request you are speaking about in this amount.

Borough Manager Rooney said we are just considering it this evening.

Robinson said it will be; everybody knows about the \$31.1 million; there are two numbers, \$29.3 and \$31.1 million; you don't think so Tim?

Borough Manager Rooney said no, I don't think they know that and I think well yes, it may create a little bit of confusion, I think you sit down and explain to your legislatures, this is how much money we have for this project, we believe it is going to cost this much, that is why we are asking for more money, but you don't set the budget at your dream figure and start building towards that figure because when you get to the end, you're going to be short and somebody is going to have to write a check; who is going to write a check?; I just don't think that is a responsible way to move forward.

Jeff Jabusch, Finance Director, 211 Ocean View Drive, said he understands the problem that we would like to have \$31 million; I guess my question is, if we approve the budget at \$31 million today and we have to have some of these contracts in place by June 1st, often times the Governor does not sign the document until sometime in June; normally those come out sometime in that month; my concern is we are going to be down the road quite a ways and committed and if we commit to the \$31 million, and if for some reason if we don't get the funding, and I don't know what the feeling is up there; I know financially they are a very good way, but it doesn't guarantee anything; we are also asking money for Front Street, and all kinds of other projects also; I know Wrangell has received a lot of money in the past years and sometimes that goes from one community to the next; one year you might get a lot of things, and the next year its Petersburg or Sitka or somebody else; its never a sure thing; like Tim said, you commit to that, that whole project, you sign contracts, and then if it does not happen; you cannot back out of those things; you have to honor

those numbers; at that point, someone will have to write a check; I don't know if the hospital has \$1.7 million in their reserves to do that with but does put the City in a pickle; we never made the practice of approving a budget; we've budgeted we've taken some out of the reserve and that was an intentional thing to get by one year but the money was there to do that; I certainly support the request \$1.8 million; hopefully we will get that; when you've got this much other monies into it, a lot of times that goes along ways into getting money; a lot of other things first but I certainly think there is a way to relay that to our legislators, saying this is \$31.1 million is the amount we need, this is how much we are short; the list we've sent up there already, of course it was more than that but we can amend that now, unless the council wants to say, if this doesn't happen, this is where the other money is coming.

Assembly Member Privett said unless there is something else is out there but I don't know whose cousins are going to be building all of these component things; I guess it is going to go out to bid but America is kind of hurting itself, maybe we will get a real competitive bid on these modular things, and maybe this project will get built for \$23 million instead of \$29 or \$31 million; who knows; if we are really talking about a competitive environment, that should occur; if it is not going to be competitive, maybe it is going to be more than \$31 million, I don't know.

Borough Manager Rooney said but I don't know if the savings will be that much but I will say remember we were before you in December/January, we were going to go out to bid on some utilities, we held up, we went out and rebid the utilities for the medical campus project, and we were able to save a ½ million dollars; so until the site work is bid out, I'm just not comfortable saying we need \$1.8 million dollars; those numbers are just estimates right now and I'd rather have a hard figure.

Assembly Member Jack said they know what's happening in this community; if we approve a budget for \$31 million, then they are going to say, they got the money, why are they asking us for more; it would be hard then to explain to them, that we need this much more because this is what we actually got, and then why did you approve a budget for that amount; that doesn't seem fair; are you fiscally responsible.

Jabusch said again if we didn't have to make a commitment to contractors and that kind until this fall, that would make it a lot easier because then we would know if we got the money from the state but we have to make commitments prior to that, and I guess if Mark is saying that we can't build a building for any less than \$31 million, unless the bids comes in very favorable, let's say the bids come in according to their estimate, it's this \$31 million dollar number, and we have to commit now, it makes me uneasy that we will do that; we've had projects that have come in under but we've also had other projects like Front Street,

that's going to be way over; that one unfortunately, have very little control over because it's not our contract; it's the State of Alaska; that one has not gone as well and we are asking for another \$1 millions on that one; it's a huge override; I think there is a way to do it so you if you approve, this is the current amount of money we have, and maybe do it in a way that we say that, but the amount we need is this, so there is no confusion to Stedman and Peggy and the different people that would be supporting this for us; I'm certain they know, like Dave said, the situation is but currently until the Governor signs the document, you do not have it in your pocket; it's a dilemma because of the time period, and having to make a commitment before you know if you are going to have the money; if you make the commitment for the \$31 million and approve that as your budget, I almost think you have to say, if we don't get it, this is where the money is coming from; if you don't do that, you can only approve what you have, and tell the legislator we don't have enough; the budget we approved, is the money we currently have but we need more than that; I don't see how you can go out to bid until you have that \$1.8 million in your pocket.

Assembly McCloskey said that is what we are doing right now; we are approving the budget at the \$29 million, hoping for the extra.

Mayor Maxand said and working towards the extra; apparently Noel is in Juneau talking with Senator Stedman; I spoke with the Governor on the phone today and told him that we needed \$1.8 million dollars to finish the project; if we need to cut furniture out; I know the hospital has a whole host of new beds and medical equipment through USDA grants; if we need to slash physicians office spaces and use AICS' new 9,500 square foot federally funded tax payer funded, clinic for outpatient physicians, those are the hard decisions that we are going to have to make; I don't know if that recommendation will come unanimously from the building committee, but at the end of day, if that money doesn't come in from the State, it's going to be some mixture of hospital reserves, some mixture of cutting furniture, some mixture of shaving the fat, although some folks think don't think there is any left on the project, there are some duplicated facility space, and those are going to be the hard decisions we are going to have to make; we need to plan with this looming USDA deadline, so if we don't get that funding, we are planning within the budget that we have funded; I think that is what you are saying.

Assembly Member McCloskey said that is something we definitely have to look into, shaving big time.

Mayor Maxand said the recommendation at our capital improvement project meeting we had was, Don and Noel went to DC and came back and said, we need \$3.8 million, we really don't need that, we need \$3.1 million, I think the other discussion we are going to have is amending that, and taking a revised capital list to Stedman and Governor, saying, we

shaved \$2 million off of this line item, and now we are down to \$1.8 million; I think that sends a good message to those folks because it's easier to swallow a \$1.8 million pill than it is a \$3.8 million dollar pill.

Motion failed with Privett, McCloskey, and Stokes voting nay; Jack and Maxand voting yea.

Mayor Maxand said now what do we do.

Borough Manager Rooney said we need to have some form of an approved budget to send forward so they can begin documents for bidding.

Mayor Maxand asked the borough clerk if someone can make a new motion. Borough Clerk Jamieson said yes they can.

Assembly Member Privett said it takes somebody who voted in the majority to reinstate the motion.

Moved by Privett, seconded by Jack, to approve the Hospital Building Committee's recommendation to approve the proposed project working budget as presented, which is \$29,369,825.

The intent of this motion was reconsideration.

Motion approved unanimously by polled vote.

13c Consideration to the Removal of Port & Harbors Accounts from Receivables to Collection Action

Moved by Privett, seconded by Jack, to approve removal of Port & Harbors Accounts from Receivables to Collection Action, as presented listing dated February 9, 2012. Motion approved unanimously by polled vote.

13d Consideration to Increase Size of Leased Space in the Marine Service Center as requested by Keller Marine

Moved by McCloskey, seconded by Stokes, to approve increasing size of leased space in the Marine Service Center as requested by Keller Marine. Motion approved unanimously by polled vote.

13e Approval of Construction Contract Award for the Wrangell City Dock Rehabilitation Project

Moved by Jack, seconded by Stokes, that the Borough Assembly authorize the Borough Manager to enter into a contract with Northwest Underwater Construction for the construction of the City Dock Rehabilitation Project, in a contract amount of \$2,511,376, to be paid in part from the two grants from the Denali Commission and the State of Alaska's DCCED.

Borough Manager Rooney said just be noted that we had 9 qualified bidders submit on this project; it was very competitive and it came in quite a bit under what our projections were; the award that you are recommending, awards the two alternates with it as well, and we still cut out some things that we can probably add back in now to this project; one of the things that we are looking at, trying to do, seeing if there are some areas with the Front Street project that we might be able to blend in to this project to make up for some of the costs that we are going to incur on Front Street; right now it is estimated, or the State needs is about \$1 million more on the Front Street project; we had some at the end of City Dock where the cul-de-sac is, we had some additional concrete put in there thicker because of the trailer traffic; we are going to see if we can use some of the City Dock money for that portion of the concrete work that was needed and maybe offset some of our expenses there; Amber is the expert on this if you have any specific questions, she is in the audience.

Motion approved unanimously by polled vote.

13f Discussion of Proposed Ordinance Changes to WMC regarding Wrangell Medical Center, specifically Section 3.32.007 Membership; Section 3.32.030 Hospital Administration; Section 3.32.090 Annual Reports

The assembly was in consensus of sending information to the borough attorney to have him draft proposed ordinance and bring forth at one of the March assembly meetings.

Mark Robinson, 8.5 mile Zimovia Highway, said with the help of Christie and the mayor and myself, we are trying to put together a council, medical center retreat workshop if you will; two of items that are proposed for are being addressed in that workshop, that joint workshop retreat, are the ordinance changes; right now, that is scheduled for sometime the first two weeks of April; we are still narrowing down on that and there are some other, negotiations are going about the format and things happening; it might be beneficial, it isn't something that needs to be done right away, in the next month because the election isn't until October anyway; it might be beneficial for the assembly and hospital board to jointly

meet and hash things out a little bit before this thing actually comes to public review before the ordinance is approved on.

Assembly Member Privett said I got to be honest, I disagree with you 100%, and the reason I do is, quite frankly all we are trying to do is bring the hospital board into compliance with the rest of the City entities that we have out there, and I know everybody here; unfortunately, my biggest problem is I've been involved sitting at this table, there, and other places and so many other boards, a lot of people love the touchy feely meetings and we all talk but the hard line that comes down to this, this Assembly has very difficult decisions to make as is all elected officials do but ultimately the buck stops right here, and we need to make those decisions, and we need to move forward just as we had already agreed, and we put them out there, and then the public can come down here and they can criticize us if they want and they can argue and then we can weigh in with what the public has to say, but those decisions have to be made right here at this table, and it's very important and I think quite frankly, this Assembly has been lax in not doing that, and we need to make it very, bring everybody back into compliance; I'm not very impressed with your hospital administrator like you are but that's my personal opinion; quite frankly, I just think that this Assembly needs to really look at all our boards and commissions and how the people that are elected to them, and that we treat everyone the same, and I think you guys have done yourselves a great disservice by not allowing professionals, if you will, to serve on the board that of all places, that need professionals, to assist; anyway, that is my personal thoughts; I don't particular care to have a bunch of meetings that will not change my opinion a bit; I think the proper way to do that is to have those meetings here in a public forum under a public hearing process, and we will listen to the people, and then each of us can make up our own minds and we can agree or disagree with these ordinances, and by the way we haven't seen these ordinances yet, so I don't want to stop that from occurring I guess; I want to see what Mr. Blasco presents to us as these ordinances, etc.; that is all I've got to say.

Mayor Maxand said we tried to bring the hospital project in line with a how a municipal construction project of a facility owned by the City and Borough should be handled, and in my opinion, during that process it became unnecessarily conflict oriented, there were a lot of folks showing up at these meetings; there was a lot of emotion and anger, and in my opinion a lot of unprofessionalism; we as an Assembly passed some ordinances in an attempt to get a little bit more control because we are the assembly, the buck does stop here; when it comes to power, the hospital board is not equal to the Assembly; this is the governing body of the City and Borough, and the hospital board is an entity of that, and we tried to reconcile, and in reconciling we made the decision that before we changed any ordinances we wanted to have a conversation with the hospital board; I have been kind of a back and forth with Mark Robinson today about what that meeting is going to look like;

there was a communication from Noel to Christie about wanting to have a full day workshop and bringing in a facilitator to facilitate that discussion between the Assembly and the hospital board, and I said absolutely not; if hospital board members feel that they are not capable of having a civil adult conversation between elected officials on issues that we all need to communicate about, then my recommendation would be that we cancel the meeting, that we communicate in writing to the hospital board regarding the questions that they had proposed up, which in my mind were fairly contentious questions; I know the questions that we had proposed were an honest attempt to have a conversation about some of these ordinance changes; I don't know where all of this is going to go; I don't know if we are ultimately going to have a meeting with the hospital board but I know that everyone of you are perfectly capable and mature of sitting in a room as adults, as elected officials in having a respectable and honest conversation with another board about issues that we have in common; I'm willing to do that but I'm not willing to waste public money on a facilitator to come in and hold our hands or engage in some kind of a therapy about this; that is not necessary and quite frankly, personally do not have the time for it; so hopefully we will come to some resolution, we pick a date, we sit down, we have a conversation, we will likely move forward with some of these ordinance changes; the hospital can have an opportunity to express their concerns, or we simply take it up as you suggested Bill in the public forum, and we move forward; either way I am fine with but we do need to nail a date down.

Assembly Member Privett said we can do both; I don't have a problem with that but still as business of this Assembly, it must move forward; and if the majority feels a certain way, and that's the way we ought to go; the question is, I know how I feel; I think Mr. Jack is the one who proposed this so I have a vague idea of how he is feeling, and so I am submitting that we need to move forward with this, and deal with it; as far as working on many other issues between the hospital medical center board and this Assembly, I think it would be a good idea to sit and chat; I think there are some great differences of opinion about how things have been going on in terms of this whole project, and who is at fault if we are going to blame somebody; I don't even want to go there, that has nothing to do with the proposals that Assembly Member Jack has mentioned; I will stop there before I make a bigger fool of myself.

Assembly Member McCloskey said she agree; I do think we can sit down together also and have a conversation; we are adults; I have been at meetings where they have a facilitator; granted that facilitator was needed but I think as adults, these are just small problems that I think we can fix; we don't need spend it either.

Assembly Member Jack said as Mark indicated and yourself indicated, we intended to get together to have this meeting, and kind of work together but that hasn't worked out with

your administrator Mark; for some reason it gets postponed off; as Mr. Privett, meeting are fine but it's the business of this Assembly to move forward; if we can't get together and have this meeting within a reasonable amount of time, then we've got to move forward, that is all there is to it.

Mark Robinson said he agreed with that; I think the buck stops with the Assembly; I sat in that chair before and it's not a fun place to be but I do think we need to setup some dialogue that is civil; bashing the administrator in public is not civil; it's not civil; in private it's okay.

Assembly Member Privett said not really.

Mayor Maxand said its more appropriate to do it in public; I don't think its needs to be bashing but we've been sitting up here for several months through the process of this construction project, and it has not been a comfortable place to be; we've tried to hold professional meetings and to keep the tone civil, and it's been difficult; that being said, Christie, we have direction on what we are doing.

Borough Clerk Jamieson said yes, there was a consensus earlier.

Janell Privett, 222 Ocean View Drive, said she resigned from the council; by the way the hospital board member accepted that, my resignation, and I've saved every email, the warm and fuzzy meetings, that we are going to sit down with another entity that is involved in this project, or part of this project, and emails came back, and I think it can be very adult on the Assembly's side; I think it will be very adult with a few, but in my opinion what I experienced and ran the hell out of there as fast I could get, was the inability for them to understand that they have to work within the ordinances of the City, and as well, the famous emails I still have in my files, said, the meeting was great, the board all agreed, and the person in charge, called it a dog and pony show; that was after two meetings with two boards, face to face working together; I applaud your efforts; I have no respect that you will get any further than the private bashing because there is very little respect in my opinion; if that's changed, I haven't seen it in the few meetings I have attended; good luck, but my resignation accepted by Mr. McConachie is very clear the things she was seeing; I wish you luck but the expectation of that meeting should be well laid out.

13g Discussion of Legislative Capital List for the Hospital Replacement to Reduce the Project of \$31 plus million dollars by \$1.8 million

Moved by Privett, seconded by McCloskey, that we amend the capital legislative list for the hospital replacement project to \$1.8 million dollars from the earlier request.

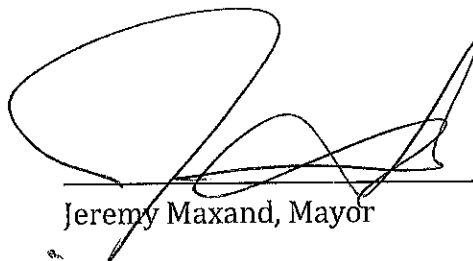
Assembly Member Privett said this puts us in the earlier line on the \$29 plus million to the \$31 million.

Motion approved unanimously by polled vote.

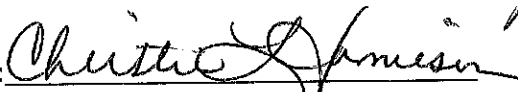
ATTORNEY'S FILE: None.

EXECUTIVE SESSION: None.

ADJOURNMENT: 8:59 p.m.



Jeremy Maxand, Mayor

ATTEST: 
Christie L. Jamieson, Borough Clerk

