

**ANCHORAGE COMMUNITY DEVELOPMENT AUTHORITY
BOARD OF DIRECTOR'S REGULAR SESSION
January 26, 2006**

Present

JoAnne Zito-Brause
Louise Lazur
Mike Zoske
Mary Jane Michael

Present

Bill Smith
Joelle Hall
Jeff Sinz
Dan Coffey

Excused

Jana Hayenga
Dana Pruhs
Ken Stout

Staff/Guests

Kevin Kinney
Robin Ward
Healia Palmer
Wendy Mikowski
Krin Kempainen
Kevin Dee
Gina Bosnakis

Call to Order

Ms. Zito-Brause called the meeting to order at 5:02 pm.

Review of Agenda

Item F will be the first item we will discuss under new business; there were no other changes to the agenda.

Chief Operating Director's Report

- Mr. Kinney stated the JC Penney garage transition has been going very smoothly: we started the permitting process for February; our new revenue control system is on its way; we have talked to the state and they seem to be in acceptance of upgrading and the substitute parking.
- He passed out information on projected revenues and stated we have seen an increase of about 10% again and have seen this increase for the past 7 years. This is due to more people coming downtown and more people using our facilities. (I didn't get this information for the master board packet)
- We have just calculated the 5th Avenue garage rebate the city will receive from us for 2005 it is \$200,000.
- If the 3 new employee positions are approved tonight, we will move forward with advertising the positions and give notice to the positions being eliminated and hopefully by the end of February we will have the new structure in place.
- Mr. Kinney pointed out the article in the paper about the land swap with Diamond. We have been sending the current parkers who have called for information to Diamond. We have found out Diamond is quoting a rate of \$200 a month. So we have been dealing with a few angry people but we have also been explaining to them that we will be working with the court system to develop a plan B for parking in the northwest corner of downtown. (someone was opening a bag of chips which over rode what Kevin was saying) Mr. Coffey asked what we charged for parking. Mr. Kinney stated \$75. Mr. Coffey stated that was clearly under market. Ms. Zito-Brause stated that is why Diamond wanted it; it is the high rent district. (too many talking at once)

Minutes

Mr. Zoske moved to accept the corrected minutes from December 19 and 22; Ms. Lazur seconded. The motion passed.

Public Comment

No public comment was scheduled.

New Business

A. Salary Survey –

- Mr. Kinney stated Mr. Dee did bring copies of the salary survey document; he went on to say we are not asking the board to decide on whether we will be going with the Broad Banding at this point. We have requested the latest data from the International Parking Institute (IPI) and are still waiting to hear from them. We would like to match the results from our consultant with those numbers we receive from the IPI before we look at where we go as far as compensation in the broad sense. We are, however, asking to identify the ranges for the 3 new positions; management recommends Parking Services Manager & Facilities Manager at a range 15 and the Parking Director at 19.
- Mr. Zoske moved to accept management's recommendation; Ms. Hall or Michael (could not tell from tape) seconded.
- Mr. Smith asked if the range went from \$20.23 - \$37.00. Mr. Dee stated that is the review of the recommendations from the salary survey, it's not the current salary structure. Mr. Kinney stated it would be from the current wage scale, the existing wage 15 which is \$19.43 -\$24.50. Mr. Smith then asked what we would be offering. Mr. Kinney stated our current policy is to start at step B on any entry level position. What we are looking at is future implementation of the Broad Banding concept and the board would be given the results of the salary survey tonight to review. The Broad Banding is a policy issue the Board will review over the next few months to give management direction whether we will pursue that type of concept or whether we will stay with the step and range schedule we currently have.
- Ms. Zito-Brause called for the vote; the motion passed.
- Mr. Dee reviewed the salary survey his company has been contracted to do for ACDA.

B. Northwest Strategies –

- Mr. Kinney stated the recommendation of management is to extend Northwest Strategies' contract for 1 year and then do an RFP in September so the new contractor can be on board by January. Mr. Smith moved to approve management's recommendation; Mr. Zoske seconded.
- Ms. Michael asked what we currently pay Northwest Strategies. Mr. Kinney stated we don't pay them a flat fee, we pay per hour. Mr. Sinz asked if we have a "not-to-exceed" amount. Mr. Kinney stated the budgeted amount this year is \$35,000. Ms. Hall asked what their hourly rate is. Mr. Kinney stated usually the annual report takes up 1/3 of the budgeted amount. Mr. Dee stated their rates run anywhere from \$50 - \$150 depending on the project.
- Ms. Zito-Brause called for the vote, the motion passed.

C. Proposed Health & Human Services Building –

- Mr. Kinney stated the recommendation is to refer this proposal on to the development committee. Ms. Lazur move to accept the recommendation; Ms. Hall seconded.
- Ms. Hall asked if this is the first proposal being sent to the development committee. Ms. Mikowski stated we have the Mt. View project and now we are getting the Government Hill project. Ms. Hall asked if a work product would come out of it that will help with the

decision making process. Ms. Zito-Brause stated this is the first one to go through this new process. Ms. Hall asked if the criteria; questions asked in the development committee are established or is it a brainstorming session. Ms. Mikowski stated because it is new and this is the first one to go through the policy and procedures, we will probably implement and design criteria or a standard for how we evaluate this proposal and all future proposals with a certain way to present it back to the board for approval. Ms. Hall stated since the criteria are not yet created she requests once the development committee establishes one to bring it back to the board for a discussion prior to being asked to approve this request. Ms. Mikowski agreed, stating she has already talked with Mr. Dee on developing a flow chart which will explain what the due diligence will consist of. The flow chart will be brought back to the board for review and discussion so that, if something is missed, it can be identified. She plans to get together with the development committee within the next 30 days to start implementing the process.

- Mr. Sinz asked if the developer indicated a date by which he needs a response by. Ms. Mikowski stated she asked for his timeline and he is willing to wait for us, understanding this is a new process for us.
- Ms. Zito-Brause asked if anyone has talked with DHHS to see if they like the location of this site. Ms. Ward stated they do like the site; she has had 3 meetings with them already and will have another one next week.
- Ms. Zito-Brause called for the vote; the motion passed.

D. Mt. View Property Purchase –

- Mr. Kinney stated he passed out a draft Resolution that takes Mr. Sinz's suggestion from the work session and resolves that we pursue purchase of the Trust property and that we give them, before we know the final value, the \$1.1 million they need to do the purchase across the street and then we pay the rest upon appraisal of the land.
- Mr. Zoske asked if we buy the land in the hopes of creating a deal with ML&P and the school district, what are the chances of success. Ms Ward stated this will broaden our chance of negotiating with both entities substantially. This will give us more available land to work with and increase the chance of success.
- Mr. Smith asked where we are on the purchase agreement with the developer. Ms. Ward stated it was extended until the middle part of February, because we need to resolve the issues with ML&P and the school district. Ms. Ward stated she can not recommend a purchase and sales agreement be signed with POB Montgomery until we have signed agreements with ML&P and the school district.
- Ms. Zito-Brause asked for a motion. Mr. Zoske moved to approve the resolution; Mr. Sinz seconded. (too many talking)
- Mr. Sinz thanked Mr. Kinney for taking his suggestion and incorporating it into the resolution, but he asked where the money to pay the \$1.1 million will come from. Mr. Kinney stated it will come from the AMLI (Alaska Municipal League Investment) reserves; we currently have \$2.9 million in AMLI reserves. Mr. Sinz asked if that is unrestricted retained-earning type money. Mr. Kinney stated no, it's not unrestricted; actually the board has designated \$2.3 million for repair, replacement and future development. Mr. Sinz asked if this is a wise investment. (to many talking) Mr. Kinney stated yes, he doesn't think we will loose money. We are paying on market value and land is usually a good investment. Mr. Sinz asked if, from a financial prospective, Mr. Kinney feels it is prudent to use these funds

for this purpose. Mr. Kinney stated only because, as proposed, we will have the money back in reserves in a very short time.

- Mr. Smith reminded everyone we probably are talking about \$1.5 million because there is still the appraisal to be completed. Mr. Kinney stated that is correct.
- Ms. Zito-Brause called for the vote on Resolution 06-02; the motion carried

E. Directors' and Officers' Insurance –

- Mr. Kinney advised this policy would be \$3,900 for Directors' and Officers' Insurance up to \$1 million per claim. He feels it is prudent because of all the larger projects we are involved in for the board members to have coverage. Ms. Michael moved to approve this request; Ms. Lazur seconded. The motion carried

F. Health Insurance –

- Mr. Kinney stated we had a very good renewal of our Blue Cross insurance at a 6% increase this year but he has been discussing with Ms. Bosnakis, our broker, some possible things we could do to reduce health care premium costs. They have been rising fairly dramatically but this is the best year we have had for renewal in many years. He stated she will explain a few of the options we have available to us. Ms. Bosnakis passed out information on the four Health Reimbursement Arrangement (HRA) scenarios and answered questions on what she and Mr. Kinney looked at for ACDA health care coverage.
- Mr. Coffey asked why ACDA isn't eligible to participate in the city employee health care plan. Mr. Kinney stated because we are not municipal employees. Mr. Coffey stated we can't participate because of that reason so why we don't offer the same thing the city offers because we can't self insure. Mr. Kinney stated he would classify our plan as a little self insurance plan and this is as close as we can get to what the city is doing.
- Ms. Michael asked what management would like to do. Mr. Kinney stated the new proposal is a very appealing thing because we are talking about close to \$100,000 in savings, but the difficulty in implementing it now is communication and education of the employees. Because our renewal is March 1, it gives us only 1 month and we have a few other things going on and it is kind of hard to adequately communicate this to employees in the next 30 days.
- Ms. Hall asked who on the staff would be dealing with all the questions and forms needed for this. Mr. Kinney stated our new HR person would be in charge of the program. That's why he stated earlier the major issue is communication up front and making sure everybody knows what they are supposed to do
- Mr. Zoske asked if the Board is being asked to vote on this tonight. Mr. Kinney stated we have to do renewal and he thinks we could make the change happen this year but with the amount of stuff happening he would prefer to take time and put this in place next year. Mr. Zoske stated what he is hearing is management wants a motion to approve the renewal with a 6% increase. Mr. Coffey stated management could save \$100,000 this year and wants to put it off because they are worried about explaining it. Mr. Kinney stated he is worried about having the time to explain it. (to many talking at once) He said there is a good option, which is that we hire someone to come in and make sure everyone understands everything. That is an option we could pursue.

- Ms. Michael moved for the option to postpone it 1 year and complete the reorganization and get the staff with the morale up and then introduce a new program; Ms. Lazur seconded. Ms. Zito-Brause clarified the motion as stating: renew the health care plan with a 6% increase and postpone the change until next year.
- Ms. Hall asked if the savings would be \$100,000 if we change the plan. Mr. Kinney stated that is an estimate but it should be between \$23,000 - \$147,000 depending on which plan we go with.
- Mr. Coffey asked if the problem is only explaining the program to people. Mr. Kinney explained it's also the level of understanding for most of our employees; we are talking about people with grade school understanding for most of our employees. Ms. Lazur stated we are also talking about a grand reorganization upsetting morale and then if we start throwing this at people they are just going to throw their hands up.
- Mr. Coffey stated we are talking about a compensation plan of \$500 a month for their health care right now which is generous in this world at the private sector. Ms. Lazur stated there is so much whirling around in this organization and it would be adding another issue to the mix. Mr. Coffey stated then the consequence is we will lose employees. Mr. Kinney stated no because he doesn't think most of our employees can afford to leave.
- Ms. Zito-Brause stated you could possibly easily eat up \$23,000 just in re-administering the whole process. Mr. Kinney stated we would have to hire the administrator who monitors the process.
- Mr. Coffey asked if this would be available next year with the same benefits. Ms. Bosnakis stated she expects it probably would be.
- Ms. Ward asked if we had the opportunity to do the renewal right now and in six months alter the plan or are we stuck for a whole year - can we modify it in the interim. Ms. Bosnakis stated if we modify it, Premera will initiate a surcharge of about 5% of the premium. Ms. Ward asked how much that would be. Mr. Kinney stated about \$15,000. Ms. Ward stated so for \$15,000 we could opt in six months to do this and may still save. Ms. Bosnakis stated the danger of doing that in the middle of a calendar year is we will be dealing with calendar year deductibles. Even now, at three months, we will have to dink with that; but six months down the road we may have people who are at 100% and to change over would cause a lot of confusion.
- Ms. Zito-Brause stated we will be three months behind. Mr. Kinney stated two, because it will be March 1. Ms. Zito-Brause stated the renewal will be good through December 31, 2006. Ms. Bosnakis stated correct. Mr. Coffey asked if we were changing to a calendar year. Ms. Bosnakis stated the deductible always runs on a calendar year.
- Mr. Zoske asked if, no matter what we do tonight, this could be brought to the board a couple of months sooner. Ms. Bosnakis said we can't because we get the renewal when we get it; they are legally obligated to get it to Ms. Bosnakis one month before the renewal date. Ms. Lazur asked if we could change the renewal date to January 1 so it runs along a calendar year like deductibles, making it a 10 month contract instead of a year. Ms. Bosnakis stated absolutely, we could do a March-January and then next year run a January-January contract. Ms. Lazur stated this would work well for the budget planning and making a change.
- Mr. Zoske asked how much we budgeted for health insurance this year. Ms. Palmer stated we budgeted for a 15% increase. Ms. Hall asked if we go to a 10 month contract

versus a 12 month, how much will we save. Ms. Bosnakis stated just the two months of premiums not being paid.

- Ms. Zito-Brause called for a vote on the motion. The vote to pass was four to two; the motion failed.
- Mr. Kinney stated if we do choose to implement a new program, he would like permission to hire a consultant to manage the information program for the employees, since we do not have a HR director currently and he doesn't foresee having time in the near future to manage the change.
- Ms. Zito-Brause asked why the motion failed. Mr. Kinney stated a vote of five is needed to pass any motion and someone will need to make another motion. Ms. Hall stated she would like a discussion on which of the four scenarios would best serve the employees. Mr. Kinney stated he thinks the two best options for the employees other than number one, which we currently have, would be; number four is acceptable but number two would be better.
- Mr. Sinz stated he didn't vote because he didn't know what the motion was since he arrived a little late. Mr. Zoske stated we should back up and start over since this is very important; Ms. Zito-Brause agreed. Mr. Kinney stated we should still have a motion on the table to discuss. Mr. Zoske stated he will make the motion to revisit the health insurance issue to discuss it; Ms. Hall seconded. The motion carried
- Mr. Coffey stated we may want to hold a special meeting to discuss the whole health care issue in depth. Ms. Zito-Brause informed Mr. Sinz the board was trying to decide which option to go with for employee health care, she then explained all the scenarios presented. Mr. Sinz stated he understood that but didn't hear anything from the employee perspective and what is the possible impact on the employee; all he heard was that it would be difficult to explain to the employee. Maybe being short staffed is a blessing because we may bring in external services to do that extensively as opposed to attempt to do it with staff. What he doesn't understand is the structural aspects and how it will affect the employees.
- Ms. Bosnakis explained the programs and how they could work, and she answered question. Mr. Kinney stated which ever way the board goes, he does want to go out for external services to provide the training. Ms. Michael stated if we have a consultant they would not be in Monday through Friday, 8 a.m. to 5 p.m. to answer any questions which may arise; they are only available when they are available, which may not be when they are needed. The change would be a lot of hands-on work and this will only work if we are committed to the change and spend the time needed to transition smoothly. She is not hearing the commitment in the discussion. We need a HR person in place for an employee to go to for discussion.
- Ms. Palmer stated she is still not sure how to handle the accounting aspects if we change and will need clarification. Mr. Kinney stated the administrator of the program can help us with that. Ms. Zito-Brause asked if we thought of how much time and man power we would need to implement this program. Mr. Kinney stated Ms. Bosnakis has already identified an administrator, internally it will be the AP check run, with the major issue being the HR communication issue. But we will have a HR director soon.
- Ms. Michael moved to look at an alternative program for the employees with regard to medical benefits, when we have a HR person on staff and a good plan for how it is administered and re-visit it in January, and go forward with a 10 month renewal contract

on our current plan; Ms. Lazur seconded. Ms. Zito-Brause called for a vote; 5-1 the motion passed.

Old Business

A. Ad Walls – Mr. Kinney stated this item is being tabled until the marketing committee meets with Northwest Strategies.

B. ACDA Board Meeting Schedule – Mr. Zoske moved to accept the 2006 Board schedule; Ms. Lazur seconded. The motion carried.

Questions

- Ms. Michael asked what was the status of renovations we will be doing. Mr. Kinney replied the revenue control equipment has been ordered and should be here by the end of February. The paint contracts are out on the street. Ms. Michael asked what will be the color. Mr. Kinney stated we will have final decision on color and maybe we should have a board committee for this. The color hasn't been decided but the quality of the paint has been decided. Ms. Mikowski stated we have a pre-bid conference on February 14 for interior and exterior paints. Mr. Kinney stated as far as bidding, color is not an issue, but the type and quality are. Ms. Mikowski stated this is an opportunity for us to announce to the proposers what we are looking for.
- Mr. Smith asked if JC Penney has any rights under the contract to pick color. Mr. Kinney stated they have a right to reject any proposed change we make.

FYI

- Ms. Michael asked if everyone was aware of the situation with the 4th Avenue Theater. She attended a committee meeting today, and doesn't know if it will come to ACDA but there is a potential that the municipality could take ownership and she wanted everyone to be aware because it may come to us to help work the deal.

Department Reports

Finance –
Nothing to add

Data Processing –
Nothing to add

Marketing & Public Affairs –
Nothing to add

Customer Service/Enforcement –
Nothing to add

Operations –
Nothing to add

Employee Relations –
Nothing to add

Development Committee –

- Ms. Mikowski informed everyone that a meeting between Public Project Management Engineering (PPME), Dow, Loundberry and ACDA will happen next week to discuss POB Montgomery being the construction manager for the whole Mt.View road right-of-way.

Ms Zito-Brause adjourned the meeting at 6:46 p.m.

Respectfully submitted by:

JoAnne Zito-Brause, Chairperson