

# North Metro Community Services Board Meeting

June 22, 2023, 6:00 PM

## Minutes

1. The meeting was called to order by Dr. Bertagnolli at 6:00 p.m. Dr. Bertagnolli asked for a motion to approve today's agenda and the minutes from the April 2023 Board Meeting.

Motion: Warren Taylor / Second: Edie Wallace / Motion Carries

2. Dr. Bertagnolli asked for a motion to excuse: John Coates, Josh Dobratz, Lucas Valdez, and Brian Kraft.

Motion: Bill Hawthorne / Second: Warren Taylor / Motion Carries

3. Finance Committee Report:
  - a. May and June Financials Presented by Doug Shepherd

### BOARD MEMBERS:

Bill Hawthorne  
Doug Shepherd  
Dr. Ed Bertagnolli  
Cheryl Candelaria  
Warren Taylor (June Meeting Only)

### NMCS STAFF PRESENT:

George Montoya  
Margarito Gandarilla  
Robert Hunter (May Meeting Only)  
Randy Brodersen

## Employment Services Update- 5/23/23

### DataSafe

- Our balers, shred machines, and box truck are still in our inventory. Gary Hartwick has meetings set up at the beginning of June with a few vendors in regard to selling the equipment.

### Custodial Service

- All of the internal custodial employees are now working with Job Coaches employed by Easter Seals.

### Supported Employment/DVR:

- Community Employment: Maria is providing support to 14 people, and one person is on a leave of absence. Mike is providing Job support to 12 people.
- Development: Maria is developing community jobs with 5 people, and Mike is currently developing for 1 individual. All funding for job development is coming from DVR.
- Placement: No new placements this month.

### **Day Services-**

- In the month of April we increased our DSPs to 38, and the two new additions have quickly progressed through their training. The program managers are setting each new DSP with a set schedule and should be independently working by early June.
- A bright note! We completed the hire of two more DSPs and they attend new hire orientation new hire on May 17<sup>th</sup>, and we should have 40 active day service groups within the next month.
- The Brighton Day Program was hit with several cases of Covid at the beginning of April that paused service for several people (staff included) for about a week's worth of service. The program was efficient in their response, and are back at full capacity.

### **Transportation-**

- We are expecting delivery of a 2017 Ford Transit that is fully modified. This vehicle had some fender damage and is being repaired by the dealer. This will round out our vehicle purchases for fiscal year 2022-2023.

We have been notified that the two 2023 Ford Transits that have been on order since last July have been completed. No set date for delivery to Omera Ford.

### **Presentation of Financial Reports from May and June Meeting are combined.**

#### **April & May 2023 Financial Statements**

##### Statement of Activities

The month of April and May both recorded monthly net revenues of \$38,995 in April and \$40,401 in May. April net revenues were \$19,246 less than budget with May be \$12,768 better than budget. Year to date through May net losses total \$487,515. This net loss is \$590,130 more than what is budgeted year to date. Monthly total revenues for April and May were near budget. Year to date total revenues remain under budget and are \$548,829 short of what was projected.

##### Administration

- Administration recorded net revenue of \$43,263 in April and \$39,139 in May.
- Year to date net revenue in Administration are \$409,285 and is \$91,318 ahead of budget.
- Revenues in excess of budget are a result of interest revenues. Interest revenue was \$22,248 in April and \$39,112 in May. Interest revenues were only budgeted for \$2,500 per month.

- A sweep has been set up on our accounts. This sweep maintains a 1 Million dollar balance in our operating account with excess funds being swept into our money market account. Current rate of interest is 5.25%.
- Help Fund expenditures in total for April and May were \$34,379 and year to date expenditures are \$128,627.

#### Day Program

- Day Program recorded losses of \$65,309 in April and \$51,119 in May. Over the past two month Day Program was near budget for net revenues being just over \$6,000 less than budget in total.
- The year to date loss in Day Program is \$1,297,905 and is \$557,509 over budget for the year.
- Both April and May saw improvement in financial performance. The better financial performance has been typical as the weather improves. Staff continues to strategize ways to create consistency in service delivery throughout the year.
- Overall utilization of program continues to improve. Overall out community programs had utilization of 86% and 90% respectively in April and May.
- Hiring has improved in Day Program which assures we are able to maximize service delivery and associated revenues.

#### Supported Living Services

- Supported Living had net revenues of \$10,531 in the month of April and \$17,520 in May.
- Supported Living has earned net revenues of \$153,080 on consistent overall revenues and predictable margins for services. These margins cover the overhead and salaries in the program.
- Year to date revenues are \$80,376 better than budget.

#### Residential

- The residential department had net revenues of \$54,532 in April and \$33,262 in May. The net revenues have improved since the beginning of the calendar year.
- Year to date net revenue of \$246,812 is \$452,649 less than budget for the year.
- The apartment program financial performance has improved with net revenue of \$582 in the month of April and \$1,871 in May. The net revenue for this program is a reflection of reduced salary cost and having all eligible people receiving rent assistance from the Maiker voucher program.
- Staff has done a great job of getting people qualified for vouchers.
- The Host Home and Family Care Giver residential programs both performed well in the month while earning nearly \$135,000 in net revenues combined over the last two months.

- The Host Home program continues to earn net revenues. The net revenues are far less than what we have been accustomed to seeing. Funding level changes and higher contract rates have squeezed the margins in our Host Home program.

#### Vocational

- The Vocational program continues to earn revenues from sale of the remaining equipment and supplies.

#### Resource Coordination

- The Resource Coordination department recorded a net loss of \$11,913 in the month of April and a loss of \$14,745 in May.
- Net losses YTD in Resource Coordination total \$92,838 and are better than budget \$92,241.
- Monthly revenues in May were \$16,853 better than budget as a result of a \$15,000 grant from Colorado Access. The grant payment is for our help in contacting people that need to keep their Medicaid active.
- Staff in Resource Coordination continue to perform revenue generating activities to help offset the costs in the department.

#### Early Intervention

- Early Intervention earned net revenues of \$36 in April and \$12,880 in May. These monthly totals are better than budget for both months.
- Year to date net revenues are \$71,697 and are \$106,090 ahead of budget.
- Both the Service Coordination and Evaluations areas continue to perform well programmatically and financially.

#### Statement of Financial Position

- Cash balance is \$10,553,990 which reflect an increase of \$519,497 since the end of March.
- Accounts Receivable have a balance of \$2,927,151 and have decreased by \$40,184 since the end of March.
- The balance for current liabilities as of May 31<sup>st</sup> is \$2,540,225 which is an increase of \$458,012 since the end of March. This increase is primarily caused by an increase in deferred revenue of \$353,419 related to Mill Levy Funding.

#### Capital Update

In April a new full size wheelchair accessible van was purchased at a cost of \$67,760. This vehicle is one of the two full size vans in the current budget. NMCS transportation is awaiting delivery on the other vehicle that remains in the capital budget. The two vans will end up being low mileage used vehicles as

we were unable to get delivery on new vans due to supply chain issues. There were no capital purchases in the month of May 2023.

#### Class A License Update

The Class A License has been completed and submitted to Colorado Department of Public Health and Environment. This license should be issued by August 2023. Once this license is issued we will begin the Medicare approval process which could take 8 or 9 months.

#### **Draft Budget 2023/2024**

The Finance Committee has reviewed the 1<sup>st</sup> and 2<sup>nd</sup> drafts of the 2023/2024 Budget.

The 2nd draft of the budget projects net revenue of \$460,724. Overall the second draft of the budget is fairly consistent with the initial draft presented at the May Finance committee meeting. Staff reviewed the budget and made modifications and updates based on current information.

Total revenues are projected to be \$30,743,809 which is an increase in revenues of 6% over the current year. Overall revenues will improve based targeted rate increases, common policy increases, and a large jump in interest revenue. Revenues associated with rate increases are projected to be nearly 1.3 Million dollars. The increases in rates are a combination of targeted increases for specific direct services and a provider base rate increase of 3%. In addition to the increases for services the budget projects increased revenues for interest of \$430,000.

Staff feels that this budget will be more reflective following multiple years of uncertainty within the budget. Resource Coordination is the one area that was most difficult to predict. The difficulty in projection results from an uncertain timeline for the separation of case management. The budget for Resource Coordination is conservative and likely reflects larger projected losses than what we expect next year. It is likely that the losses do not reach the projected \$287,789 as we expect to separate prior to the June 30, 2024 deadline.

Staff salaries vary based on position. DSP will receive a minimum increase of 6.75%. This will allow us to raise our minimum entry level DSP rate to \$18/hr. Most other staff will receive a proposed 5% increase in the current year budget. Host Home providers and Family Care Givers will have the targeted rate increases passed through as an increase. These increases will vary from 3.26% to 4.28% based on level of need.

There were no changes to the employees benefit package. All insurances will continue to be funded at 100%. The 4.5% company contribution to the employee 401K and 457 retirement plans is also included in this budget. Kaiser increased our per employee premiums by 5.25% or \$35.22 per person per month. This is an annual projected cost increase of \$65,392. Most other coverage came back with fairly flat renewal amounts.

In Administration additional interest revenue will result in projected increases in net revenue to \$572,189. We are projecting expenditures in the help fund of \$250,000. All help fund expenditures are reflected in the Administrative Expense line under administration.

Day Program will continue to have its struggles financially. A loss of \$999,559 is projected in Day Program. The goal in Day Program is to maintain and expand staffing in order to provide consistency in service delivery particularly during the winter months. Staff is optimistic that increased starting wages will help hiring.

The Residential program is expected to have better financial performance next year. The increase in revenues will help to restore some of the margins lost during the past few years. The apartment program has begun covering expenses with additional Section 8 vouchers and modified staffing. The transition out of Clayton House as a group home will have a positive financial impact as well. Residential is budgeted to have net revenues of \$909,112.

Resource Coordination is budgeted to lose \$287,789 next fiscal year. Timing of separation will have a direct impact on overall losses. We expect to be transitioned out of Resource Coordination well ahead of the 6/30/24 deadline.

Early Intervention is budgeted to have net revenue of \$94,501. Service Coordination and Evaluations will continue to show net revenues in the next budget year. We are still operating under a contract extension and do not have approval of our current contract for next year. Staff is confident that they will have the contract approved in July 23.

The Capital Budget consists of vehicle replacement and capital improvements to the 1001 Building. In addition we will be doing a large painting project and replacing aging laptops. The painting and laptop replacements are reflected as expenses in the budget.

One Time Large Expense Items Included in Line Items

Painting in Atrium and Administration \$43,565  
Laptop Replacement Plan \$50,558

Capital Items

Mini Tractor and Sweeper	\$21,027
Server Upgrade	\$ 5,276
Tile Replacement in Atrium	\$96,000
Van Conversion	\$28,750
Used Mini-Van	\$40,000
3 Full Size Vans W/Conversions	\$234,360
Total Capital Budget	\$425,413

The budget is projected to generate net cash flows of \$342,911 after taking into account capital expenditures and depreciation.

There was consensus that the Finance Committee recommends to the Board of Directors the approval of the financial reports for April 2023 and May 2023. The Finance Committee also recommended the approval of 2023/2024 Budget by the Board of Directors.

Motion: Edie Wallace / Second: Cheryl Candelaria / Motion Carries

b. Presentation of the proposed FY 23/24 Budget by George Montoya

George gave an overview of the budget pointing out that there were a few changes from the first draft that was presented to the Finance Committee in May. Staff increases which will be effective 7/1/2023 are included. Holiday bonuses are included. Full coverage of employee health insurance continues. 401K contribution of 4.5% continues. Targeted Medicaid rate increases and common policies will help the budget. NMCS will continue to work on what we are doing to fairly compensate staff. We incurred a 5.5% Kaiser increase which was good. Capital budget includes computer replacement, paint throughout the 2<sup>nd</sup> floor of 1001, and Day Services, new tile flooring in the atrium, and van replacements. RC is budgeted through 06/2024 although that department may transition sooner.

Motion:

4. Executive Committee Report: There is no report for tonight's meeting.
  
5. Executive Directors Report: Randy thanked the Board for attending the Annual Meeting in May. The meeting was well attended and the awards that were presented were appreciated by all.
  - a. Update on Case Management Agency bids: Randy reported that there is an intent to award the contract to RMHS. There is an appeal period for this which ends on 7/14/2023 if there are no appeals. Transition dates should be announced on 7/21/2023. This timeline though will depend on the appeal process. There will be three cohorts to transition with the first being 11/1/2023. HR completed a survey with Resource Coordination and found that most current employees would like to stay with NMCS in some capacity or transition to RMHS. Salary should be

comparable or a bit higher. They work a 40 hour week with an option for a 4 day work week.

- b. Alliance: Randy is the Chair for the Government Relations committee. There are concerns with the Office of Early Childhood and contracts for 2023-2024 are not out yet. Caps for Behavioral Services are being looked at as are rates for Day Programs. There will be a rate committee to look at how rates are set. This committee will work with the State to bring the rates to more competitive levels. Next year Randy will be the Vice President for Alliance.
6. New Business Grant Program Update, Carrie Morris: Carrie gave an overview of the first year of the Grant Fund Program. 133,938.58 was spent. 142 applications were received and 90 of these were approved. Several others were funded by alternate sources. Some received were for people who do not reside in Adams County and those who are not eligible for IDD services. These people were redirected to other resources. Because the program was new, we did not start spending money until early in September. For fiscal year 2023-2024 we will be able to start accepting applications right away and hope to be able to help more people.
7. Public Comment: There was no public comment for this meeting.
8. Dr. Bertagnolli requested a motion to adjourn the meeting at 7:15.

Motion: Edie Wallace / Second: Warren Taylor / Motion Carries