

# ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD OF CUYAHOGA COUNTY

## FINANCE & OPERATIONS COMMITTEE MINUTES JUNE 15, 2016

David E. Biegel, Ph.D., Committee Chair, called the meeting to order at 4:00 p.m. Rev. Gohlstin read the Committee Mission Statement: *"To assist the full Board in fulfilling its fiduciary responsibility by reviewing and overseeing financial and operational aspects of the system."*

**Present:** David E. Biegel, Ph.D., Eugenia Cash, LSW, MSSA, CDCA, Robert Fowler, Ph.D., Rev. Benjamin F. Gohlstin, Sr., Harvey A. Snider, Esq., Mary Warr, M.Ed. / **Absent:** Charlotte Rerko, MSN, RN, BC, Ericka Thoms  
Other Board members present: J. Richard Romaniuk, Ph.D.

**Board Staff Present:** William Denihan, C.E.O., Frank Brickner, Michael Doud, John Garrity, Ph.D., Valeria Harper, Esther Hazlett, Carol Krajewski, Michelle Myers, Esmat Nasr, Scott Osiecki, Ralph Piatak, Starlette Sizemore-Rice, Linda Torbert

### **1. APPROVAL OF MINUTES**

The minutes from the May 18, 2016 Finance & Operations Committee meeting were approved as submitted.

### **2. Y-HAVEN BRIDGE FUNDING REQUEST**

Mr. Denihan explained that Y-Haven, a program of the YMCA of Greater Cleveland, does an incredible job of providing transitional housing, recovery and treatment services, education training, vocational services and permanent housing placement to men who are homeless and has the capacity to serve 113 single homeless men at a time. Unfortunately, on 5/02/16 Y-Haven received notice that 75% of its funding would be discontinued by the Department of Housing and Urban Development (HUD) as of 5/31/16 resulting in a reduction of \$840,000.00. Mr. Denihan noted that this situation was shared previously with the Planning & Oversight Committee.

Y-Haven representatives--Ed Gernerchak, Y-Haven Executive Director, Joe Cerny, Interim CEO of YMCA of Greater Cleveland, and Holly DePlain, Chief Financial Officer, YMCA of Greater Cleveland--were appreciative for the opportunity to present their recent challenges. Mr. Gernerchak explained that HUD had routinely funded Y-Haven for more than 20 years. The recent notice reflects a change of Federal priorities to reallocate funds from transitional housing programs nationally to permanent housing programs. Y-Haven is now looking for bridge funding to cover expenses for two month's time in order not to close and to allow the program to operate while it transitions to Medicaid funding and continues to serve homeless men with addiction treatment services.

Ms. Warr thanked Board staff for the additional Y-Haven employment information provided but expressed her interest in having the vocational component addressed in the metrics section.

Dr. Romaniuk advocated for the services provided by Y-Haven and shared his experience with the program during his tenure working at the Veterans Administration Medical Center. He noted that there numerous professionals who come to Y-Haven on a volunteer basis. Veterans have an opportunity to have a 12-Step program on-site. Both he and Rev. Gohlstin, spoke to the quality of services provided by Y-Haven and supported its bridge funding request.

Mr. Denihan noted that the recommended funding amount for the time period of 7/1/16 to 12/31/16 is \$140,000.00. It is hoped that Medicaid funds will address all funding issues; consequently, the Board does not know if there is a funding expectation for next year or not. After additional exploration, this issue may return in October or November.

**Motion to recommend approval of entering into a contract with the YMCA of Greater Cleveland for the Y-Haven Transitional Housing and Treatment Program for Men in the amount up to \$140,000.00 to the full Board.** MOTION: R. Fowler / SECOND: B. Gohlstin / AYES: E. Cash, R. Fowler, B. Gohlstin, H. Snider, M. Warr / NAYS: None ABSTAIN: None / **Motion passed.**

### **3. HITCHCOCK CENTER FOR WOMEN FINANCIAL UPDATE**

Representatives from Hitchcock Center for Women (HCFW) introduced themselves, Mary Baize, Executive Director, Tim Castrigano, Interim Chief Financial Officer, and Stephen Monto, President/Board of Trustees.

Mr. Denihan noted that in 2015 HCFW was placed on an improvement watch and funding was allocated on a six-month time basis. One issue under consideration is whether to continue funding for HCFW for the second half of the calendar year. At a prior Planning & Oversight Committee meeting, an update was made reflecting some progress made in programmatic areas. Subsequently, the Board asked for an independent audit to be completed. The results of the audit conducted by C&P Advisors, LLC, was included in the 6/15/16 Finance & Operations agenda packet and is attached to the original minutes stored in the Executive Unit. The Board continues to have hold an improvement watch on HCFW.

Mr. Denihan itemized the areas of concern:

- Unpaid payroll tax of \$125,000.00
- Status of line of credit expected to expire on 6/13/16
- Unrestricted net assets are in a ½ million dollar deficit position
- Lapse of employee dental insurance
- Where future funding will come from for future capital improvements & repairs

Mr. Castrigano, Interim CFO, addressed the items referenced:

- The line of credit was renewed approximately 2 weeks ago with PNC Bank.
- Issue of lapsed dental insurance was re-instated 3-4 weeks ago.
- Unpaid payroll taxes – to date, \$5,000 has been paid to the State of Ohio. The Interim CFO has spoken with Internal Revenue Service and all forms have been filed. Arrangements cannot be made with the IRS until it processes the forms. An installment arrangement will be acceptable by the IRS once the forms are processed by the end of June. This will be addressed as part of the cash flow and budget going forward.
- Expenses being over the ½ million dollar deficit – A detailed budget has been formulated for next year that includes the deficit and payroll taxes owed. Mr. Castrigano stated that HCFW's census needs to be at 25 residential clients in order to function. If that census is reached, the agency can run and start paying back some of its debt. In answer to Dr. Biegel's question, Ms. Baize reported that that current census at HCFW is 24 with the anticipation of 4 admissions this week. Only 3 were admitted as 1 person was pregnant and unable to maintain. She noted that generally HCFW has an average of 5 residents from out of county.

Board Chair, Steven Monto, noted that many of the items had to do with financial controls. Under Mr. Castrigano's leadership, the agency has strengthened its fiscal controls such as the budget process and cash flow. Part of the reason for financial difficulties was the fluctuating census. It was noted that the working capital/current assets now exceed the agency's current liabilities. Mr. Castrigano noted that a new accounting system will be implemented soon that will allow for better controls.

Ms. Baize noted that part of the communication problem is attributed to the former CFO and the rationale for the urgency of obtaining a new accounting system. In answer to census fluctuations, Ms. Baize explained that clients were there but the problem had to do with retention; the agency was keeping younger clients for a shorter length of stay that impacted the agency's ability to capture Medicaid funding. The second part had to do with the former CFO and information that was shared or not shared. He was terminated for lack of competence. Questions of committee members were addressed by HCFW staff.

Mr. Denihan acknowledged that agenda item #4 under Service Provider Amendments recommends approval of awarding HCFW a continuance of \$750,952.00 to provide services through this calendar year. In the meantime, Board staff intends to work toward a contingency plan by investigating the system's capacity to provide treatment services to women with addiction issues in the event that a shut-down situation occurs.

Additionally, efforts will begin to find another agency that is interested in taking over the administrative responsibility for the Seasons of Hope House. This measure is being taken in order to relieve the agency from spreading itself too thin. Mr. Denihan noted that Board staff's funding recommendation for the remainder of this calendar year does not take HCFW off of the improvement watch list.

#### **4. FINANCE REPORT**

##### **Board Voucher and Operating Expenditures Report for May 2016**

Frank Brickner, Chief Financial Officer, reported on the Administrative Budget Reports. Total spending through 5/31/16 was \$2.1 million; to date, over 4% under budget. With the exception of Contractual Expenses, the Board is under budget in all categories and we are only slightly above budget in Contractual. The Board anticipates remaining under budget for the calendar year. At this time Board staff continues to project that Administrative spending will be within the 2016 budget of \$5,500,000.

**Revenues:** Total Revenues through May were \$33.0 million; this represents over 53% of annual budget of \$62.3 million. Federal revenues of \$6.3 million were received in May. Forecasting that 2016 total revenues will exceed the \$62.3 million budget. Reasons include increased funding for 1915A Waiver, and the receipt of additional funding streams that were awarded after the budget process such as the Early Childhood Mental Health and Addiction Treatment Programs funded by the state.

**Expenses:** Total Expenses through May were \$28.1 million of which \$4.7 million was expended on services rendered in 2015 but paid in 2016. Non Medicaid Services budget of \$54.4 million –spent \$19.1 million–this is consistent with what is expected to be spent at this time as payments are made to Providers after services have been rendered. Board Properties expenses picked up in May as some improvements/renovations were made; the detailed breakout identifies how the \$4.7 million was expended against the 2015 budget.

##### **Board Properties**

Besides normal utility and on-going maintenance expenses, improvements were made to three properties to kitchen areas and furniture.

##### **Motion to recommend approval of Board Vouchers & Expenditure Reports for May 2016 to the full Board.**

MOTION: B. Gohlstin / SECOND: E. Cash / AYES: E. Cash, R. Fowler, B. Gohlstin, H. Snider, M. Warr / NAYS: None ABSTAIN: None / **Motion passed.**

#### **5. CONTRACTS**

Mr. Brickner highlighted agenda process sheets for agreements listed below, answered questions and provided clarification for committee members. Based upon the review and input of committee members, Board staff noted those APS's needing revisions and/or additional information for consideration by the full Board.

##### **a. Interagency Agreements: Acceptance of Funds: \* Pass-Through Items**

1. \* Cuyahoga County Corrections Planning Board - Early Intervention and IOP and Aftercare Dual Diagnosed Programming - \$109,500.00 (Contractor: Catholic Charities Corporation)
2. \* Cuyahoga County Corrections Planning Board – Treatment Services for Jail Reduction/Diversion - \$174,345.00 (Contractor: Community Assessment and Treatment Services, Inc.)
3. Cuyahoga County Corrections Planning Board – Drug Court Sustainability - \$19,663.00 (Contractor: Community Assessment and Treatment Services, Inc.)

4. OhioMHAS – Youth-Led Prevention- \$12,231.00 (Contractor: Recovery Resources, Inc.)
5. \* OhioMHAS - Forensic Services Allocation - \$194,406.00 (Contractors: Cuyahoga County Court Psychiatric Clinic, Recovery Resources, Inc.)
6. Ohio Department of Rehabilitation and Corrections – Assertive Community Treatment Team for Cleveland Adult Parole Office - \$275,000.00 (Contractor: Recovery Resources, Inc.)
7. OhioMHAS & Ohio Department of Youth Services – Behavioral Health and Juvenile Justice Project - \$500,000.00 (Contractors: Cuyahoga County Juvenile Court and Bellefaire Jewish Children’s Bureau)
8. Amendment to Resolution 15-07-04, Allocation of Ohio Department of Mental Health & Addiction Services (OhioMHAS) - Cooperative Agreements to Benefit Homeless Individuals (CABHI) - \$153,516.00 Increase (Contractor: FrontLine Service)

**b. Service Provider Agreements: Allocation of Funds**

1. Cuyahoga County Corrections Planning Board - Early Intervention and IOP and Aftercare Dual Diagnosed Programming
  - Catholic Charities Corporation - \$109,500.00
2. Cuyahoga County Corrections Planning Board – Treatment Services for Jail Reduction/Diversion -
  - Community Assessment and Treatment Services, Inc. - \$174,345.00
3. OhioMHAS – Youth-Led Prevention
  - Recovery Resources, Inc. – \$22,474.00
4. OhioMHAS - Forensic Services Allocation - \$194,406.00
  - Cuyahoga County Court Psychiatric Clinic - \$122,000.00
  - Recovery Resources, Inc.- \$72,406.00
5. Ohio Department of Rehabilitation and Corrections – Assertive Community Treatment Team for Cleveland Adult Parole Office
  - Recovery Resources, Inc. - \$414,000.00
6. OhioMHAS & Ohio Department of Youth Services – Behavioral Health and Juvenile Justice Project - \$561,567.00
  - Cuyahoga County Juvenile Court - \$455,567.00
  - Bellefaire Jewish Children’s Bureau - \$106,000.00
  -

**Amendments:**

1. Amendment to Resolution 14-11-08, Approval of CY 2015 Service Provider Core, Mid-Biennium and One-Time Funding Contracts – Drug Court Sustainability
  - Community Assessment and Treatment Services, Inc. - \$19,663.00 Increase
2. Amendment to Resolution 15-07-04, Allocation of Ohio Department of Mental Health & Addiction Services (OhioMHAS) - Cooperative Agreements to Benefit Homeless Individuals (CABHI)
  - FrontLine Service - \$153,516.00 Increase
3. Amendment to Resolution 15-11-05, Approval of CY2016 ADAMHS Board Operational Budget and CY2016 – 2017 Service Provider Contracts –MH Residential Services
  - Murtis Taylor Human Services System - \$1,145,000.00 Continuance
4. Amendment to Resolution 15-11-05, Approval of CY2016 ADAMHS Board Operational Budget and CY2016 – 2017 Service Provider Contracts – AOD Residential and Treatment
  - Hitchcock Center for Women - \$750,952.00 Continuance
  -

**c. Operational Agreements:**

1. Summer Camp Prevention Program
  - Hitchcock Center for Women - \$12,500.00

**Motion to recommend approval of the Interagency, Service Provider and Operational Agreements with recommended revisions to the full Board.** MOTION: B. Gohlstin / SECOND: R. Fowler / AYES: E. Cash, R. Fowler, B. Gohlstin, H. Snider, M. Warr / NAYS: None / ABSTAIN: None / **Motion passed.**

**3. IDENTIFY CONSENT AGENDA**

Committee members concurred that the Consent Agenda should comprise both the Finance Reports and Agreements/Contracts.

**4. OLD/NEW BUSINESS - None**

*There being no further business, the meeting adjourned at 5:10 p.m.*

**Submitted by: Carol Krajewski, Executive Specialist**

**Approved by: David E. Biegel, Ph.D., Finance & Operations Committee Chair**