

Finance Committee Meeting

Douglas County, Nebraska

Tuesday, May 3, 2016

The meeting convened at 12:25 P.M. in Room 903 of the Omaha-Douglas Civic Center, 1819 Farnam Street, Omaha, NE 68183. A copy of the Open Meetings Act is located on the wall near the entrance of the room. A notice of the meeting was published in the April 26, 2016, issue of *The Daily Record*. County Commissioners present at the meeting were Marc Kraft, Mary Ann Borgeson, P. J. Morgan, Jim Cavanaugh, Mike Boyle, Chris Rodgers, and Clare Duda. Others present at the meeting were Patrick Bloomingdale, Chief Administrative Officer; Kent Holm, Environmental Services; Karen Cole, Joe Lorenz, Diane Carlson, Catherine Hall and Marcos San Martin, County Administration; Adi Pour, Douglas County Health Department; John Solano, Douglas County Garage; Sherry Glasnapp, Marti Christensen and Mike Phillips, Community Mental Health Center; James Tourville and DeDe Will, Douglas County Health Center; Eric Carlson, Purchasing; Doug Kagan, Nebraska Taxpayers for Freedom; Mary Jane Truemper; and Constance Mierendorf, Douglas County Clerk/Comptroller's Office. Commissioners Boyle and Morgan chair the Committee.

A video recording of the meeting is available on the Douglas County Website:

<http://commissioners.douglasCounty-ne.gov/board-meetings/videos>.

Joe Lorenz began the meeting with an update on the bond refinancing that had just been completed. The total bond offering was \$11,345,000. The interest rate of 2.4% over the life of the bond will result in a \$1.5 million savings averaging about \$100,000 per year. Bruce Lefler will summarize the bond just issued and talk about the potential for refinancing other bonds at the next Board Meeting on May 17. Interest rates remain low and the refinancing resulted in a great saving to the County.

Douglas County Health Center

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Total Headcount	369	390	386
Expenses	\$36,500,000	\$40,000,000	\$40,500,000
Revenues	\$25,100,000	\$27,900,000	\$27,400,000

- Joe Lorenz began by saying the Committee would hear 6 groups, among them, the largest cost center for the County, the Douglas County Health Center with the Community Mental Health Center being a subset of the Health Center (See Attachment

A). The Health Center will not need a supplement to this year's budget. The Health Center budgeted employees (including Community Mental Health Center) is 448. The budget of the Health Center and the Community Mental Health Center stands at \$47 million in costs with \$32.5 million in revenue (see next section for Community Mental Health Center costs and revenue). Payroll is \$25 million. This is a labor intensive, 24 hour operation.

- The Community Mental Health Center (CMHC) has been very good at increasing revenue. Payroll accounts for nearly the entire \$7 million budget, about 90% of their budget. It does not anticipate a supplement this year.
- Jim Tourville and Dede Will presented the Health Center Budget (See Attachment B). The Douglas County Health Center is a 250 bed, long term health care facility with 232 long term care patients and 22 short term rehabilitation patients. The Health Center has a 90% occupancy rate. Nearly all beds are occupied.
- No one else in the city provides the services that the Health Center provides.
- The 3 year average of \$11.6 million from County revenue that goes to The Health Center is distributed as follows:
 - Douglas County Health Center \$4.9 million
 - Community Mental Health Center \$5.0 million
 - Primary Health Care \$700,000
 - Other (meals, medication, etc.) \$1.0 million
- Current goals for the Douglas County Health Center include completion of the Electronic Health Records project which will improve reporting capabilities, billing and collection times, and reimbursement. This should be made operational in October.
- The Health Center will continue to refine its Short Term Rehabilitation unit and make it more profitable, The average revenue for a Short Term Rehabilitation day is approximately \$450, paid by insurance and Medicare, compared with \$200 for Long Term Care, primarily paid by Medicaid.
- Mr. Tourville said that the County Health Center would also be reviewing its staffing patterns. It is considering 12 hour shifts for R.N.s and it is also exploring staggering shifts so that the maximum number of personnel is available during the busiest times.
- Commissioner Boyle asked about how much was being spent on temporary staff. Ms. Will responded that in 2015, the Center spent \$543,000 on temporary workers. This year through March, it spent \$365,000 out of a \$439,000 budget. The budgeted amount for temporary staff for 2016-17 is \$292,000. The Health Center hopes to reduce the number of temporary workers by converting temporary positions to permanent positions.
- Additional revenue projects include
 - Increasing outpatient therapy (an estimate of the cost of that remodel is \$50,000). This includes therapy on people who have been discharged from short term and long term care.
 - Increasing referrals and generating additional revenue.

- Operating a community pharmacy and expanding other services such as hospice, dialysis and infusion.
- Hospice needs a full staff not shared with other areas of the hospital.
- Commissioner Rogers asked about the parking issues associated with changes. Parking should not be a problem for outpatient therapy. There is a vacant area where Veterans Service used to be and a handicapped ramp on the east side.
- Commissioner Morgan said that expenses are up 1.25 % for the next fiscal year. The County Health Center met the budget target Mr. Lorenz gave them.
- Commissioner Cavanaugh asked about whether the Health Center was the County's largest revenue center. Including the Community Mental Health Center, revenues for the two centers was \$32.5 million and costs were \$46.9 million. Joe Lorenz responded that on a net basis the Correctional Center was the largest cost center. It receives approximately \$20 million from the County. Over the past 4-5 years the Health Center has been able to maintain a \$12-13 million rate of tax payer support from the County. This has been in part a result of the recommendations of the Health Management Administrators (HMA) 4-5 years ago that gave them a good framework for management.
- Revenues have grown. The addition of the short term rehabilitation facility (in use about 2 years) is generating approximately \$3 million/ year.
- The Health Center is also reaching out to cooperate with its public health partners on 42nd Street: the Veterans Administration (VA) and the University of Nebraska Medical Center (UNMC).
- Most referrals come from UNMC. The Health Center will continue to collaborate with UNMC and the VA. There is the potential for sharing utilities sometime in the future to negotiate a less expensive rate.
- The hospital occupancy rate average in the metropolitan area is 70 -85%. Mr. Tourville said that the 90% occupancy rate the Health Center has is practically unheard of. The need for its services will only increase with the outmigration of rural areas.
- According to the Nebraska Hospital Association, the Health Center leads the state in occupancy; since 2008, it has held a 5 star rating and maintained it every year. Commissioner Duda commented that The Health Center is the only Nebraska hospital to consistently maintain that rating.
- Commissioner Borgeson asked when Douglas County Health Center revenues would offset the contributions of property tax contributions that the County currently makes. It would be beneficial if the Health Center could map out when the outcome of what the recommendations were from the HMA would become effective. Ms. Will replied that now the Health Center could begin to pay direct costs if it can maintain the current level of occupancy.
- Ms. Will said the Health Center will be able to start looking at paying for additional services as revenues increase.

- Commissioner Boyle asked who the patients are that other hospitals won't take. The Health Center takes psychiatric, difficult to manage patients, more male, and younger patient populations than other hospitals.
- Doug Kagan asked which of the services the hospital offered were mandated. He cited the HMA study that suggested the Health Center could reduce costs if it did not compete with private hospitals.
- All services Douglas County Health Center provides are not mandated. Commissioner Boyle said that like Diversion at Corrections, where there is a gap in services to citizens, government steps up to fill that gap.
- Commissioner Cavanaugh said that the same questions Mr. Kagan asks about the Health Center could be asked of all departments. Corrections, for example, serve a number of non-Douglas County residents, non-mandated residents who the County is not obligated to take. Large areas of what the County does falls into the non-mandated category. Private entities don't like to take Medicaid because it does not pay enough, so this is where the County steps in.

Community Mental Health Center

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Total Headcount	77	80.6	85.6
Expenses	\$5,900,500	\$6,900,000	\$7,100,000
Revenues	\$4,800,000	\$4,600,000	\$4,600,000

- Sherry Glasnapp presented the Community Mental Health Center (CMHC) budget (See Attachment C). The Mission of the CMHC is "Caring for the Underserved."
- The top goals of the CMHC include
 - Maximizing Revenue through hiring a contract and fiscal director who would pursue potential private insurance contracts; pursue and manage grants; work as a liaison with the fiscal department of the Douglas County Health Center; and help with the expanded Region 6 contract.
 - Implementing the MTM (Management Training Measurement) model of open access and just in time scheduling to the Psychiatric Outpatient Clinic
 - Applying for the Psychiatric Emergency Room and participating with Region 6 to provide a service to mentally ill people who are now without an appropriate care facility to fully deal with their needs.

- Collaborating with Douglas County Corrections, an area that has been historically under served. Bringing the two departments together is beneficial to the County.
 - Expanding services including ACT (Assertive Community Treatment), DBT (Dialectical Behavioral Therapy), substance abuse treatment and expanding the ICM (Intensive Case Management) age group.
- Mike Phillips read a letter about a client who had been in a cycle of mental illness, crime, substance abuse, and homelessness who, through the Intensive Outpatient Program was able to break that cycle and provide not only for herself and her family but also help others with similar problems. She is now on the Tenant Advisory Board at the Stephen Center and is on a waitlist for a 2 bedroom apartment at Stephen Center where she hopes to live with her daughter.
- Commissioner Cavanaugh said that this was a good example of the multiplier effect when someone does not receive the “up front” mental health care that they need. People who are not treated adequately for mental health problems cost the taxpayers in many other ways: criminal justice, child welfare, emergency room visits, etc. There is a positive ripple effect when someone receives the preventative treatment s/he needs that saves the taxpayers in the long run.
- Ms. Glasnapp said that the 2 triage therapists the CMHC is requesting are in the proposed budget but not in the head count. The requested fiscal person is not in the budget.
- The Psychiatric Emergency Room is not in this year’s budget. Commissioner Borgeson said that the region was looking seriously at the ER since many people who need mental health services were filling up emergency rooms and others were being put into jail. The community needs an alternative. They are working with Dr. Zellers from Alameda County, which is the facility they liked best. They are hoping to put information together to go out for a Request For Proposal by the end of June with a target opening date of June 2017, which is an ambitious schedule. The Psychiatric Emergency Room would be a facility where every patient is immediately assessed by a psychiatrist with treatment to follow. The space at the CMHC is a possibility for the ER; however, Commissioner Borgeson said they don’t have details yet.
- Commissioner Cavanaugh asked if the CMHC could get back to the Board with the number of people served over the past 5 years.
- The CMHC reached its staffing goal from last year with 4 full-time psychiatrists.
- Doug Kagan asked about Medicaid patients and whether the CMHC was pursuing payment from them beyond what Medicaid reimbursed. Ms. Glasnapp answered that Magellan manages what charges can be made for

behavioral health. Commissioner Boyle said that low income people on Medicaid probably do not have more resources to spend.

- Commissioner Borgeson clarified that the State controls the amount of money that patients need to spend down in order to qualify for Medicaid, not the County.
- Mr. Kagan asked if CMHC was expanding to other counties and Ms. Glasnapp said that the program was serving other communities and that those services were reimbursed where the County has a Region 6 contract.
- Commissioner Borgeson said that she and Commissioner Boyle would be presenting the “Stepping Up” program to the County Board. This is an initiative that intertwines mental health and corrections to destigmatize and decriminalize mental illness.

Douglas County Health Department

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Total Headcount	114.4	115.3	118.78
Expenses	\$13,002,250	\$14,615,586	\$16,864,598
Revenues	\$13,002,250	\$14,615,586	\$16,864,598

- Joe Lorenz said that the Douglas County Health Department (DCHD) would not need a supplement this year and that the Health Department was the most successful of all of the County departments to secure grants.
- Dr. Adi Pour presented the budget for DCHD (See Attachment D). The budget for F16/17 comes in below the target of 1 1/2 %. The \$66,187 increase is under the budget goal. Dr. Pour said that the Health Department was able to grow the \$3 million in property tax support to \$16 million.
- The Health Department is not a service provider and it does not duplicate what the private sector is doing.
- The goals of the Health Department are to promote and protect the public health. The top issues the Health Department is focusing on are
 - reduce infant mortality
 - decrease childhood lead poisoning
 - reduce the Sexually Transmitted Disease (STD) rate
 - become a trauma informed community
 - reduce the obesity rate
 - be prepared to respond to public health emergencies
 - address the social determinants of health

- Dr. Pour discussed the small water testing lab that the Health Department currently runs. It tests for E.coli and nitrates. Primarily, the top six clients for the service are not in Douglas County. The service is operating at a loss and those clients that are being served can contract with private laboratories in the area or with the State. The Health Department lab does not test for lead.
- With the support of the Douglas County Commissioners, Dr. Pour will begin to send out letters to customers notifying them that the lab will close at the end of June.
- The Adolescent Health Project is funded in the amount of \$750,000 and its target is the reduction of STDs. The campaign is showing success: 50% more adolescents are being tested and treated than last year.
- Commissioner Rodgers said that one of the drawbacks that the Health Department has had to deal with is that until 6 years ago, there was resistance to the Youth Risk Behavior Survey (YRBS). Now the mechanism and information about youth behavior is available. School based health clinics are also involved in educating and identifying youth at risk.
- Dr. Pour said that the third YRBS will be completed this fall. The Health Department is able to analyze and track trends in youth behavior that it could not in the past. Two YRBS findings are that the youth suicide rate in Douglas County is twice the national average and that the sexual activity of youth in the area is the same as the national average. What distinguishes Douglas County youth STD rates is not that their behavior is any different than youth across the nation, but rather that the infection rate is high in the community. The YRBS allows the Health Department to focus on trends in our own community and not rely solely on national data.
- Progress on STDs has been made in that the community is now having a conversation about the problem that did not occur before.
- Milwaukee also has a high STD rate among its youth and is looking to the Douglas County Health Department for best practices.
- Commissioner Cavanaugh said that in all the County Health Department is spending approximately \$1 million on STDs. He asked if the County Board could receive an executive summary at the end of each year to benchmark the progress the campaign against STDs is making. Dr. Pour agreed that reporting could be accessed at any time.
- Dr. Pour discussed issues and trends that impact expenses and revenues for the Health Department (See Attachment D, p. 3).

Purchasing

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Total Headcount	22	22	22
Expenses	\$1,141,500	\$1,292,000	\$1,302,077
Revenues	\$163,749	\$180,000	\$186,436

- Joe Lorenz said that the Purchasing department was coming in on budget this year and would not need a supplement. 90% of the expenses for Purchasing go to salaries.
- Commissioner Morgan read a letter that Mayor Stothert sent to the Nancy J. Salmon, Chairperson of the Tax Equalization and Review Committee, supporting the reconsideration of the valuation determination by TERC saying that it would impose a hardship on many Omaha tax payers.
- Eric Carlson presented the budget for Purchasing (See Attachment E). Purchasing has had an interlocal agreement with the City since 2004. An ongoing challenge is educating the City on new grant funded procurement and spending requirements and new expectations from the federal government on how money can be spent.
- Commissioner Boyle requested specific language on bids that certifies that one vendor is not favored over another.
- Mr. Carlson said that Purchasing makes every effort to ensure fairness in the bidding process; however, he will work with County and City attorneys to see if such language is possible. Purchasing wants to get the best possible price and make sure that specifications are transparent and fair.
- Among the goals for Purchasing is an on-line bidding platform. Mr. Carlson said that technology is ahead of the department on the bidding process. The City's process of dealing with bids is outdated. Lincoln and Lancaster are able to do submissions on line. Purchasing can work with the City on moving in the direction of a more stream-lined process.
- Implementing a bar code system in the warehouse should be complete in 2017.
- Mr. Carlson is working to make certain that this is a truly integrated purchasing center. The department is working on a consolidated, online purchasing manual that all City and County department will share.
- Purchasing continue to leverage Nebraska strategic procurement group strategies for bidding and RFPs (Requests for Proposals).
- Oracle is working toward Fusion, a cloud-based system. The Purchasing department continues to take advantage of Oracle training in the area to make sure they are effectively using technology.

- Purchasing is working to migrate the Print Shop from mainframe to more of a web-based process through Oracle and eventually toward a self-service system.
- Revenue tracks at about 13-14%. The department is meeting their budget target.

Garage

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Total Headcount	11	11	11
Expenses	\$1,295,753	\$1,469,237	\$1,476,772
Revenues	\$286,774	\$450,000	\$350,000

- Joe Lorenz said that the Garage would not need a supplement this year. It services County vehicles with a large number of vehicles being serviced in the Sheriff's and Engineer's offices. Revenue comes from the fees paid by the Sheriff and Engineer. Related to the Garage is the General Equipment project for purchase of new vehicles targeted at \$530,000.
- The Garage budget was presented by John Solano (See Attachment F). Among the goals the Garage lists is to implement the Douglas County Fleet Management Policy that is in review. The staffing direction of the shop is positive.
- The Garage conducted an audit of its operations about 18 months ago. It set a number of goals that it is implementing and documenting their progress.
- The Garage will continue to increase efficiency reducing the fleet average cost per mile.
- Another goal is to increase the external agency's labor rate. The current rate of \$41/hr is well below external rates. The Garage does work for outside agencies. The rate change would not affect the County because the repairs from the Garage are internal charges; 90% of service is on County vehicles.
- The Garage does work for Eastern Nebraska Office on Ageing, Nebraska Health Service and Metropolitan Area Planning Agency. Implementing a rate increase to 91 after a 3 year phase in. The first year increase would be \$15/hr.; this would result in increased revenue.
- Fuel costs are down. Mr. Solano shops every 3 months to negotiate low costs and has been able to cut costs significantly across the board and stay under budget.

- Light duty and medium duty vehicles are bought from state contracts. These are purchased at a greatly reduced rate of \$12,000-\$14,000 less than retail.
- Sheriff's vehicles that are no longer in service are reassigned to Youth Center or Corrections for short trips. This is efficient for low mileage use.
- The average age of a vehicle in the fleet is 5 1/2 years. Three years ago, the average age was 9 years.
- Commissioner Kraft requested the average mileage on County vehicles per year.
- The County does participate in emergency situations with City vehicles.
- The County has 1 hybrid and 2 CNG Honda Civics in the fleet. Mr. Solano said he had done a cost analysis of these vehicles and found that they were costing 3 times more than a standard vehicle and the County was getting exact same cost per mile to maintain the vehicles. The real return on a hybrid is 8-10 years down the road. Hybrids cost more in the long run to operate.
- Joe Lorenz said that this year, the County spent \$531,000 for 27 vehicles. The department is turning the fleet quicker. Public surplus sales are held for used cars.
- Commissioner Borgeson asked about a CNG station at the Engineers office that had once been discussed. Mr. Solano said this idea is no longer on the table since a standard slow fill station was about \$1 million.
- Doug Kagan asked if any forfeiture money could be used to purchase vehicles.
- Patrick Bloomingdale answered that forfeiture money was controlled by the Sheriff and it was up to him how the money is spent. Joe Lorenz added that forfeiture money is way down.
- Commissioner Borgeson asked about why the County is not where it should be on revenue from the City. The agreement was written in 2004. Mr. Carlson said that the County gets \$150,000 from the City including mail room reimbursement and the employee in the print shop which, in his opinion, is less than the services they are receiving.
- Commissioner Kraft said that when the City took over the parks, the exchange was in the County's favor and that overall the deal was in the County's favor.
- Mr. Carlson said moving forward it appears that the City is getting a good deal on purchasing and the Interlocal should be addressed in a future discussion.

Environmental Services

	F14/15 <u>Actual</u>	F15/16 <u>Modified Budget</u>	F16/17 <u>Requested Budget</u>
Total Headcount	21	21	21.5
Expenses	\$11,929,349	\$14,943,480	\$14,983,251
Revenues	\$13,514,257	\$16,383,916	\$16,135,105

- Joe Lorenz said that Environmental Services was the only County department that is a profit center. It operates on an 8-9 % gross margin. Greater expenses usually mean more revenue. Environmental Services will not need a supplement.
- Kent Holm presented the Environmental services budget (See Attachment G). The Environmental Services Department provides services in 5 areas: landfill/solid waste management, landscape maintenance/snow removal, building permits and inspections, storm water permit administration and implementation and weed control.
- Five goals for the department include
 - A review of the Comprehensive Land Use Plan that was adopted in 2006.
 - Relocation to the Fitzgerald building at 156th and Maple/
 - Solid waste management in cooperation with the City and MAPA
 - Continue to implement Stormwater Permit Administration
 - Technology development. Implement more tools to facilitate communication with the public.
- The Department has contracted drone services to photograph inaccessible areas to minimize time and expense for on-field personnel. Environmental Services is not purchasing a drone.
- Environmental Services is the County's largest user of G.I. S. (Geographic Information Systems) services.
- Environmental Services has a pilot program at Millard Public Schools at the elementary level. The pilot will utilize G.I.S. technology at individual schools and do an engineering analysis on a simplified scale. Students will be able to design their own storm water projects. They will design rain gardens to solve drainage problems. The program will engage parents through their children.
- The City is hiring SCS engineers to assess the scope and relative benefits of composting vs land filling yard waste. This includes valuation of the existing Home Grow operation. In 2020 the Home Grow operation will have to be relocated. Commissioner Morgan asked to be kept up to date on this progress.
- Tire disposal is handled by the private sector. A tire fee is charged at tire stores to pay for disposal. Tires are banned from the landfill.
- Public meeting space that is planned at the Fitzgerald building will be accessible to the public and County employees.
- Doug Kagan asked if Environmental Services works with the local NRD (Natural Resource District). The County has its own storm water related projects; it does some coordination with NRD on flood plain administration.
- The County is committed to low impact development.

- Permits and inspections are handled through Environmental Services. It handles all electrical permits for Valley. The department generates revenue through these services and this has been increasing. Environmental Services also has an interlocal agreement with Bennington and Waterloo.
- There are a number of ash trees at the Fitzgerald House and they are being evaluated. Environmental Services does significant tree planting on properties that the County owns. Environmental Services has been identifying and removing susceptible ash trees.
- Snow removal is located at the Health Center for dealing with snow removal at that location.

The meeting adjourned at 3:37 p.m.