DAUPHIN COUNTY BOARD OF COMMISSIONERS

WORKSHOP MEETING

March 29, 2006
10:00 A.M.

MEMBERS PRESENT

Jeff Haste, Chairman
Dominic D. DiFrancesco, II, Vice Chairman
George P. Hartwick, III, Secretary

STAFF PRESENT

Chad Saylor, Chief Clerk; Marie Rebuck, Controller; Robert F. Dick, Treasurer; Gary Serhan, Deputy Controller; Steve Howe, Director of Tax Assessment; Bruce Foreman, Esq., Solicitor's Office; Tom Guenther, Director of IT; Guy Beneventano, Esq., Solicitor's Office; Kay Sinner, Personnel; Diane McNaughton, Commissioners' Office; Leila Brown McAdoo, Community & Economic Development; Melanie McCaffrey, Solicitor's Office; Faye Fisher, Director of Personnel; Carolyn Thompson, Court Administrator; Dave Schreiber, Personnel; Donna Miller, Commissioners' Office; Elke Moyer, Human Services; Sharon Way, Personnel; Edgar Cohen, Director of Facilities Maintenance; Randy Baratucci, Director of Purchasing; Greg Schneider, Budget & Finance; Garry Esworthy, Risk Manager; Mike Yohe, Director of Budget & Finance; Omar Syed, Dauphin County Planning Commission; George Connor, Community & Economic Development; Scott Burford, Administrator of Spring Creek; Julia Nace, Commissioners' Office; Bob Hawley, Courts; Jeff Rauscher, Spring Creek; Jena Wolgemuth, Commissioners' Office; Kacey Truax, Commissioners' Office; Lena Martinez, Commissioners' Office and Richie-Ann Martz, Commissioners' Office

GUESTS PRESENT

Reggie Sheffield, Mark Stewart, Felicity DeBacco Erni, Smittie Brown, Larry Hoke, Karen Pendal, Dave Larson, Jack Raudenbush and Mary Swonger

MINUTES

CALL TO ORDER

Mr. Haste, Chairman of the Board, called the meeting to order at 10:00 a.m.

MOMENT OF SILENCE

Everyone observed a moment of silence.

PLEDGE OF ALLEGIANCE

Everyone stood for the Pledge of Allegiance.

APPROVAL OF MINUTES

Mr. Haste: We have three sets of meeting minutes that we will consider next week.

PUBLIC PARTICIPATION

Mr. Haste: We are at the point in time in the meeting for public participation. Is there anyone in the audience that would like to address the Board at this time? (There was none.)

DEPARTMENT DIRECTORS/GUESTS

Commissioners

Presentation of Underage Drinking Prevention Day Proclamation Representatives: Felicity DeBacco Erni, Director of Pennsylvanians Against Underage Drinking/PA SADD; and Smittie Brown, Executive Director of the Dauphin County Executive Commission on Drugs and Alcohol, Inc.

Mr. Haste: I will call upon Commissioner Hartwick to read a Proclamation.

Mr. Hartwick: Last night there was a town hall meeting to discuss the issue of underage drinking in this County and throughout the State of Pennsylvania. There was a panel discussion last night, of which I was unable to attend, but we did have a presence at the meeting. I know our Human Services Director was in attendance and we know that it was very successful. Raising the level of importance of this issue is something that is extremely important to this Board. All of us have young children and are aware of the issues related to alcohol. Today, in order to properly and officially address the issue, we have prepared a Proclamation that I would like to read. We have the Executive Commission on Drugs and Alcohol being represented.

Office of County Commissioner
Dauphin County, Pennsylvania

Proclamation

We, *the Dauphin County Board of Commissioners, are delighted to join friends, families, leaders and the community at large in advocating for an end to underage drinking and the dire consequences that frequently accompany this destructive choice;*

Whereas, *underage drinking is widespread in the United States, and sadly, it continues to grow, with approximately 11 million American youth under the age of 21 admitting they drink alcohol; nearly half of them drink to excess, consuming five or more drinks in a row, one or more times in a two-week period;*

Whereas, *the reality is that a direct link exists between drinking and high-risk behaviors that leads to health, safety and social problems affecting youth, including poor academic performance and school failure, assaults, car crashes, accidents, violence and suicide, as well as early and unprotected sex;*

Whereas, *underage drinking is a factor in nearly half of all teen automobile crashes, the leading cause of death among teenagers. In 1999, 4,211 Pennsylvanians under the age of 21 were arrested for driving under the influence;*

Whereas, *Pennsylvania is working diligently to put an end to underage drinking through compliance checks, keg tagging, sales location restrictions and legislation; communities and churches are also assisting through a variety of activities designed to keep teenagers busy, alcohol-free and out of trouble;*

Whereas, *to promote effective advocacy, we must be clear, consistent, concise, creative, convincing and committed;*

Therefore, *in an effort shed light on the pain, suffering and lifelong effects of underage drinking, we do hereby proclaim March 29, 2006 to be "Underage Drinking Prevention Day" in Dauphin County.*

Mr. DiFrancesco: This is a topic that I believe is incredibly important in our society and I want to commend every good effort that is done to bring more promotion to the topic. All too often now we see the examples of people who let alcohol influence their life in a very negative way. I think each of us have been touched by some recent events in the City. Neither one of those two young ladies thought that it was going to be the night that they would die, but it was the alcohol that probably took them to that point. Unfortunately, in a lot of our schools the drinking age is getting younger and younger. These kids think they can go out and celebrate and party on the weekends. The number of opportunities that they have to be in households or places were there is no parental supervision where there is drinking going on is increasing. Perhaps, we have read stories where it is the parents that say oh I would rather have you do it with supervision than not. We continue to send a bad message and programs like this help us to send a more positive message to talk about the ills of alcohol abuse especially with the young children. I just saw a survey in the Patriot-News not too long ago where 80% of all children that go to college binge drink. To me the important part of that story isn't the 80% that binge drink it is the 20% that don't and how can we make that 20% the majority. We can do everything that we can in this community to make sure that our young people know. It is almost a game now of days. Everybody drinks. Everybody does it. Unfortunately, parents are starting to buy into that as well. We can't allow that to happen in our community. We need to take every step possible to make sure that our young people know the absolute dangers that go along with underage drinking and binge drinking. Unfortunately again in today's society I see the trend going the other way where it is a more common place. I want to commend Smittie on his efforts and the efforts of the DUI Association and all the people involved and commit my full support to making sure that any way that message can be carried out to these young people I, and I believe the rest of the Board, is committed to doing that. Thank you for your efforts.

Mr. Haste: I echo the comments that have been made and thank everyone who has been involved in the project. I get to see, unfortunately, the end result of one that doesn't work when they come to the County Prison eventually. As George and Nick said all of us have been touched, in some way, even in our own families. So, it is something that isn't just out there that we don't see. The number of youth I have coached over the years and raising three kids of my own, it has been something that you have to deal with and it is unfortunate.

Mr. Hartwick: With us today is Felicity DeBacco Erni and Smittie Brown.
(The Proclamation was presented to them. Applause was given and pictures were taken.)

Lykens Borough Representatives: Larry Hoke, Karen Pendal, Borough Council; Dave Larson & Jack Raudenbush, Raudenbush Engineering

Demolition of property located at 407-409 Market St., Lykens, PA

Mr. Haste: The next item on the agenda is a project for Lykens.

Mr. Saylor: For the record, gentlemen, could you speak directly into the microphone and be sure to identify yourselves.

Mr. Raudenbush: I'm with Raudenbush Engineering and with me is Dave Larson who is also with Raudenbush Engineering. We are here on behalf of Lykens Borough. Representatives from Lykens Borough are Larry Hoke, the Borough Supervisor and Karen Pendal, the Borough Council Vice President. We are here to describe a property located in the Borough that the Borough has recently taken ownership of and needs to be demolished for health and safety reasons. The property is located at 407-409 Market Street in the Borough. The property was used as a residential rental property and through many, many code violations and problems over the years the Borough recently took ownership and it is their intent to demolish the property. The utilities at the property are all suspect due to certain, I would consider, inappropriate demolition practices to disconnect the electrical systems, water systems and sanitary service. An inspection was performed approximately two years by Light-Heigel & Associates where numerous deficiencies were identified. I have included their inspection report with the hand-out. It is the Borough's intent to make the property ultimately available to the Upper Dauphin Area School District, this is a potential at this point, to make it available for construction of a residential property once the building is demolished. We have estimated that the total cost for the work would be $75,000 that does include an allowance for asbestos inspection and in the event that asbestos is encountered there is some cost included for removal of that material. We have some photographs of the property. Some of these are included in the hand-out as well. As you can see the property has gone through some limited demolition and I believe this was an attempt by the previous property owners to remove certain materials. Some of it may have been vandalism. It is hard to say. It is in very much disrepair. From the exterior of the property it may not look quite as bad, but the interior of the building is structurally in bad shape. The roof is sagging. There is a deck that was constructed on the one side and that would not meet any code criteria and would have to be removed in any event. Again, some of these photographs are included in the hand-outs as well. It is our objective to support the Borough and obtain funding from the County for demolition of this property.

Mr. Haste: How much is the request at this point?

Mr. Raudenbush: $75,000

Mr. Haste: It was marked out and changed. On the packet that we have it was $25,000.

Mr. Raudenbush: I did hear of that number, but I didn't see it submitted to the County. The $25,000 was a ballpoint effort from a demolition contractor in viewing the property and what he thought it would take to demolish the property. We have that originally estimated at $38,000 to demolish the building. Again, we had in total cost, the asbestos inspection and the asbestos removal. In the event the asbestos removal isn't required the full amount of $75,000 would not be necessary.

Mr. Haste: When I was at a meeting up there the $75,000 was thrown out and that seems quite high.

Mr. Raudenbush: If the $25,000 included prevailing wage rates that may be fair, but I'm not sure if that value did include proper wage rates for the demolition.

Mr. Connor: Once this goes out to bid we will have to select the lowest bid on this project. Mr. Hoke told me $25,000. I would say if you are going to make the recommendation that you recommend $38,000 and when the low bid comes in we can grant them the lowest of the bids.

Mr. Haste: So, the request now is $38,000?

Mr. Connor: We will go for the $38,000. We have the funds to do the project.

Mr. Raudenbush: The big question mark is the asbestos. If asbestos turns out to not be a problem the $38,000 should be satisfactory.

Mr. DiFrancesco: Do you have any idea of what it costs with your history in Steelton? That $75,000 does seem high.

Mr. Hartwick: For two properties similar to that it shouldn't cost anymore than $35,000 to $40,000 for demolition. They look like the standard same sort of properties that have been done on Adams Street with prevailing wage.

Mr. Raudenbush: Have you had a history of asbestos issues there?

Mr. Hartwick: What are the asbestos issues in this?

Mr. Raudenbush: It is only suspected in the basement with insulation.

Mr. Hartwick: There are DEP grants that can assist you with asbestos remediation outside of the CDBG monies that are available through the County. That is about the cost per building on Adams Street.

Mr. DiFrancesco: We are looking at the $38,000.

It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick that the Board approve the utilization of CDBG Funds up to $38,000 for the demolition of a property located at 407-409 Market Street, Lykens, Pennsylvania; motion carried.

Chad Saylor, Chief Clerk/Chief of Staff, Mark Stewart, Esq. and Scott Burford
Spring Creek Update

Mr. Saylor: Commissioners, it is indeed a great privilege and high honor for me to come before you today. In all seriousness, this is obviously a very important and challenging decision that we have coming before us and certainly one of the most challenging since I have been your Chief Clerk. You have charged us with exploring all the potential options for the future of Spring Creek. The staff that has been involved in this process has done a yeoman's job in trying to pull together all available information that we could get our hands on so that we can present to you the fullest picture possible about what the potential ramifications would be for all the possible options for the home. We have, as you know, combed over the budget and financials and other information regarding the current operations of the nursing home. At the end of last year we sent out a request for proposals from companies. We have received proposals in response to that. We have thoroughly reviewed those proposals and have met with the companies several times. We have examined their financials and their current operations. We have even gone and visited some of their existing facilities. What we are doing today is coming before you to present to you our findings and information that we have been able to pull together. Our next step in this process is to sit down with the companies to try and negotiate a best possible deal based on the priorities that you give us and then come back to you with the best possible deal and allow you at that time to make a final decision as to what the County will do with regard to Spring Creek. I will turn it over to Mark Stewart from Wolf Block to present to you the packet that we have. We do have a limited number of extra packets for the media and for folks who are here. I believe Lena has those. You can go ahead and distribute what you have.

Mr. Stewart: With me is Scott Burford, the Administrator at Spring Creek. We appreciate the opportunity to be before you to provide you with an update on the work that we have been doing and the evaluations that we have made.

You should have before you a presentation regarding Spring Creek Rehabilitation and Health Care Center. Page 1, we begin by recapping the problem. Some of these pages are going to be familiar to you. Essentially the problem is a straight forward one. It is set forth on the first page. President Reagan used to always say people are wrong when they say there are no simple solutions. There are simple solutions; there are just no easy solutions. That saying kind of goes with this first page. The problems that we have are straight forward. Our revenues are highly government based and are somewhat limited and our cost structures are high and inflexible. The solution should be straight forward, increase revenues and decrease costs. That is certainly not an easy solution as this presentation will show.

Page 2, we have some background information provided by PACA based on 2003 data, which details the County Home deficit situation from that year's date in Pennsylvania. As you can see, 31 of 41 facilities in that year ran a deficit in their nursing home operations.

Mr. Hartwick: What number are we?

Mr. Stewart: I think we are number one, but I'm not positive.

Mr. Burford: The indicators were to protect those facilities. The source of this information was from PACAH and the source is a survey that is shared with all the members of the trade association. The identifiers I believe Spring Creek is number one.

Mr. Stewart: That is facility 1.

Mr. Hartwick: Is that total loss? Is that the accrual based accounting of the total loss at the end of the year?

Mr. Burford: I believe it is an audited figure.

Mr. Haste: That is the year I sat here and the number that was put in the budget was $280,000. There is a big difference between what was being reported to be the subsidy and what really was.

Mr. Stewart: Page 3, it is just a snapshot graph, which I believe you have seen before. It essentially again is based on audited figures for Spring Creek from 1995 through 2004 and shows the general trend that operating expenses are exceeding operating revenues.

Page 4, the next graph indicates some of the costs and revenue figures at the home. These numbers were provided by a prior administrator. They have been independently reviewed and consulted by Scott and county staff. The key fact on this page is that approximately 72.2% of the facility's costs are tied up in payroll and benefits, which is obviously a difficult number to adjust.

Mr. Hartwick: I thought it was 75.

Mr. Saylor: If we could go back to the previous page. I think the main point we want to make sure everyone is clear, obviously the trend is not a good one, but the issue is with the funding mechanism and that is in the late 90's the State government changed the funding formula in the way they were going to reimburse nursing home operations. You can see since that time the revenues have flat lined and that is not just for Spring Creek that is for every nursing home. That is the figure that we wanted to drive home.

Mr. Stewart: And also expenses entailed with the new facility.

Mr. Hartwick: Would you like us to ask questions as you go through the pages or can we go back at the end and ask you a number of questions?

Mr. Stewart: It is the Board's preference.

Mr. Hartwick: How about if we just wait until the end.

Mr. Stewart: Page 5, the graph with the colored bars. What you are seeing here is a comparison of Spring Creek, several county and several private facilities and employee benefits as percentage of wages. Obviously it is fairly apparent that Spring Creek's is higher than these other facilities. There is one facility, which is our peer, it is my understanding that is a facility that has been sold, the Lancaster facility. The benefits are anticipated to be reduced there from what we understand 46% of wages. It would be not the lowest, but in line with the rest of the facilities.

Mr. Hartwick: Would you be safe to say that the standard amount of the cost for employees and benefits standard in the industry would be about 50 to 55% on average vs. the 72% that we have in our facility.

Mr. Stewart: Yes.

Page 6, the summary of the problem and again this is something that you have seen before. The total shortfall funded by the County General fund, since 1995 through 2005, was $44.7 million. If you take the 2006 budget, which budgets a $6 million subsidy and project it out over 10 years it is just a simple mathematical calculation that the forecast for 10 years would be at least $60 million going forward, if everything remains status quo.

Page 7, we have a strategy for a solution and this is the strategy that has been put forth by the Board. It is essentially three-prong. It has been to consider all the options. To do what it takes to preserve the existing service for Dauphin County residents and their families and to protect taxpayers and maintain fiscal responsibility.

Page 8, the first option that we will consider and that is for Spring Creek to remain a County owned and operated home. If we are going to pursue this option I think there is a general agreement that the status quo is unacceptable. We must and have made progress on controlling costs and improving service. The Commissioners and Mr. Burford have done a very good job in improving service at the facility. Deficiency levels, survey revisits by the Department and complaints to the Department are all at their lowest levels in several years. There is a need for enhanced revenues, which we have kind of gone over and we will go over in more detail in the next page. There is also a need for some innovative state assistance, which we will also address.

The next page, pursuing this option and our analysis of the option is based on certain assumptions. The assumptions are detailed on this page. There is quite a bit of caveating that has to go on as to some of them. They are all important. They are all necessary. That is they all have to happen. They all need to happen in somewhat of a timely way for the outcomes of our analysis to hold true. The first assumption is that DPW, the Department of Public Welfare, will make changes in their reimbursement methodology. These changes have been proposed in the Governor's budget. The first aspect of them I will discuss is the fact that the Department intends to carve out county homes from for-profit and non-profit homes, in terms of how they will be reimbursed for their expenses. This carve out is intended to provide counties with the opportunities to have and receive additional reimbursement for serving their populations. The carve-out basically, that additional reimbursement, takes the form of a potential Federal match of 55% of the difference in the rate that we get paid per resident and the actual cost that we incur per resident. That 55% will then have to be divided between the counties and the state. We do not know at this time, nor could we, what that breakdown will be based on the current way the counties and DPW share IGT monies. The ratio there is 65% state, 35% counties. We have used that assumption going forward to try to estimate potential revenues we get from the county carve-out.

Mr. Hartwick: The closest we have ever had to a commitment are the numbers that we plugged in yesterday. I will share that information with you after the meeting.

Mr. Stewart: The second aspect of these reimbursement changes is that they will eliminate the peer groupings upon which the reimbursement is based. The peer groupings are essentially if you are a facility of a certain size you are grouped together with your peers and you are eligible for one rate. If you go below that size your rate goes down to the next lower peer. Under the changes there is the potential, and again it is a potential, that Spring Creek would be able to stay at its current peer grouping rate, which is based on a 404 bed facility, even if we drop in size to a 212 bed facility. Now, this is a fairly key change that needs to happen as far as our assumptions, because if it is not realized there will be a ripple effect in terms of whether we can go to 212, which impacts the cost savings, which impacts the revenues we can generate that I'm going to talk about here from the McBride Tower and many of the other factors. This is a very important aspect of it. Point 3 about the reimbursement changes, currently this year and for the next two years the County has received intergovernmental transfer monies (IGT) to supplement our budget in the amount of $803,000. Now, $535,000 of that was actually budgeted and accounted for in the 2006 budget that produced the $6 million subsidy, but there is the additional amount obviously that we would consider. It is unclear whether those monies, they expire in 2008, and it is unclear whether they will be renewed, if these reimbursement changes occur. The fourth point is in regard to what they call dish money. This is from the Department as well. Currently we have, I believe, received $400,000 for this year in dish money. The future availability of those funds under the changed reimbursement methodology is also uncertain. Finally, I think at least some of the Commissioners are aware there is somewhat of a dispute between the Department and the General Assembly, particularly the Senate, about both the process for implementing these reimbursement changes and their substance. There is a Senate Bill 997 which is essentially designed to thwart the changes or make them occur through a statutory or regulatory process. We are monitoring that. That Bill has been reported positively out of Committee and also the recent Appropriations Committee hearings which were reported by PACAH give a flavor of what is to come. It was an exchange between Senator Brightbill and the Secretary of the Department of Public Welfare in which he basically asked, why you are making these changes through the expedited process instead of the process used for the last 25 years? He literally said that he thought the legislature would repeal the changes that were made if the process that he thought should occur was not going to occur. Anything with the budget is like picking your NCAA brackets whether there will be these repeals by the General Assembly is also up to speculation. These are all points about which you need to be aware. We won't know anything until at least July 1 or whenever they actually agree upon a budget on this first assumption.

Mr. Haste: The other thing Mark, maybe you said it and I didn't catch it, but the other thing that I found out about at CCAP this week that I didn't realize is that the budget process is going to be different this year than in past years. That is normally they take the Governor's budget and put it into a bill and that is how it starts in the House. They decided this year to not even introduce the Governor's budget. There is no Governor's budget. The budget that they are starting with is the budget that they passed last year. These additional dollars, the carve-outs are not even in a bill yet. It is not only here that it affects us, it is with everything else that counties thought that they would get by lobbying the administration over the last year are not there. So, anything that we thought we gained in the Governor's budget is not there. There is no Governor's budget, at least in the process.

Mr. Stewart: You are correct and that is an excellent point. That is my understanding of the situation obviously as well.

Mr. Hartwick: Let no one be mistaken it is going to be a battle over this county carve-out. There is positioning right now from the Senate republicans versus the Governor and the Administration and House democrats over this issue and it is going to be one that is critical to the outcome of any of our assumptions that we are going to talk about today. So, if anybody wants to know what they can do to assist county nursing homes to be positioned to obviously remain under any county control this is one of the essential pieces that needs to occur as with several essential pieces that we want to talk about.

Without this it is going to make it very difficult for the county to overcome the reimbursement problems that have faced this County and other counties since the late 90's. Right now there are two sides of the issue. There is a potential of losing $90 million in Federal dollars if in fact this is not done and where are those dollars going to come from and those with thought process to be able to spread the losses that may occur overall with nursing homes, both private and county, which is going to put counties and private pay homes even in a much more advantageous position than they are currently. This is critical to the debate and I suggest those of you who are interested in how you can make a difference is one of the stowing points.

Mr. Stewart: Absolutely.

Our second assumption is that we will reduce the facility to a 212 bed model. All of which would essentially be served out of the south tower of the new facility. This is a cost control measure. It is a measure designed to be more efficient and Scott can speak to it in more detail if you would like. We believe it is an important part of the strategy of the assumptions.

The next one is to renovate and lease the entire McBride Tower. Essentially we will lease this out to compatible uses like a ventilator unit or a hospice and there would also be services in addition to leasing the space that they could purchase the commissary and the laundry and other services that the facility could then provide to them. There are also several points that need to be made about this assumption. First, CCAP and DPW should be acknowledged and thanked because they are helping with this concept by initially providing $6.3 million in IGT monies that has subsequently been reduced to $4.5 million, but they are helping in this regard to make this assumption possible. One of the rubs is that those monies were to renovate two floors. We are talking about renovating the entire building of four floors. Essentially to pursue this assumption we would need CCAP and DPW's approval to go with the four. We would need to try to get them back up to the $6 million, which I understand is still in reserve so that could happen. We would potentially need to spend some additional money on the renovations, because basically post Katrina, the demand for supplies and materials has risen and has impacted the cost of doing renovations and we are advised by PACAH that the monies may not carry as far as they were originally intended to carry. Finally, we would obviously need to be successful in leasing the McBride Tower in some sort of timely fashion. We have gotten commitments from DPW that they would try to assist us in doing that.

Mr. Hartwick: Financially and otherwise?

Mr. Stewart: Yes. Essentially the idea here is that you get revenues that are not tied. They are not tied to costs, the high cost of serving a resident population.

The next assumption involves a long term labor contract that would mirror a private sector, but would have the standard County health benefits. It is our understanding that presently the employees at the facility have health benefits that are to some degree superior to those enjoyed by the rest of the County. We are not talking about reducing them below what is the standard for County employees, but the other terms of the agreement would need to, as much as possible, mirror the private sector. The long term aspect of this is important, because we need stability. If you are going to make a decision going forward you need to ensure that it is going to be in place for some period of time and that the savings that you have achieved will not be essentially back on the negotiating table in the immediate future.

Finally there are, obviously from this discussion, various uncertainties, risks and time factors in these assumptions. Will the DPW changes be made? If they are do we lose the $1.2 million additional IGT monies? Will the General Assembly repeal the changes? Can we get CCAP and DPW's approval? What will the renovations cost? In total how long will it take them to be completed and how successful will we be in our lease up opportunities? Those are some of the variables on the assumptions.

The next page, we go to an Outlook for 2007 based on this option and assumptions. The next page is something that you are all familiar with. It is just to set the baseline, it is the 2006 budget; and it details the various components of the $6 million general fund subsidy.

Mr. Hartwick: The one thing on focusing to reduce the General Fund obligation is the operating deficit costs. Those are the ones that we really can concentrate on. Otherwise, when you take a look at the debt service that is going to remain the same. We are going to have a stable constant cost as we extend out if we continue under County ownership. The indirect costs are the other piece to this that is also the challenging part of the discussion. Those indirect costs are going to be borne by the County with or without Spring Creek. We need to figure out when we take a look at this bottom line number what $1.4 million actually means to the General Fund with or without a facility. What that means to the General Fund obligation to Spring Creek, because I doubt that we are going to be able to get rid of $1.4 million in indirect costs if the Spring Creek facility closed. We are still going to have to support the operations for payroll and all the other services that are provided. How much is that actual number going to be, because we are going to assume that in the budget? I think when we talk about this and we come up with the final plan to try to address this I would like to know how we are going to be viewing indirect costs in that bottom line number for the operating expenses. I guess that will be a debate that we need to have internally.

Mr. Saylor: I'll make sure that we have that information.

Mr. Stewart: The Outlook for 2007 assuming that all these assumptions that we have talked about are realized. You start with the $6 million annual subsidy and we subtract $268,000 in the unbudgeted IGT monies (right now those monies will only go through 2008 and whether they will be renewed I don't know). We have estimated based on a 65/35% state and county split of the County carve-out monies, which tracks the split for the IGT monies. We have estimated roughly $370,000 in additional revenue. There is $400,000 in the disproportionate share money that you would subtract from the subsidy.

This is an amount that could disappear going forward based on the reimbursement changes. There is some uncertainty there. We believe the $280,000 could be potentially saved through staff reductions by going to a 212 bed model.

Mr. Hartwick: That is open for debate as well.

Mr. Stewart: Everything is open for debate.

Be it a simple $10 per square foot rental assumption we have plugged in $640,000 for McBride rental revenue, which in truth is probably, after renovations and everything else, you would only fully realize in 2008. You might start to get some of those revenues towards the end of 2007. The long term labor contracts annual savings, based on the assumption that we discussed or penciled in at $920,000. Obviously that is a large number and that is the reality of the situation. I note that the last contract offered produced approximately 1/3 of those savings and it was voted down I believe 161 to 1 or something along those lines. Obviously it is a number that will be difficult to realize. $53,000 represents a 10% increase in Medicare Part A revenue. What that means is that is part of the goal going forward in how we would market the building. Medicare Part A is an entitlement, even though it is not Medicaid, which is the typical program to serve the indigent. It is an entitlement that everybody is eligible for and it basically involves short stays, rehabilitations if you have a hip surgery replacement and you can't stay at the hospital any longer, but you are not ready to go home you can come to Spring Creek for a short stay. There would be less costs associated with such a resident and there would be additional revenues and enhanced net revenues received. Assuming that we could achieve a 10% increase in what we have now that would be $53,000. That leaves an annual subsidy of $3,072,000.

The next page is our best case results. As noted there is $3,072,000 annual subsidy. Obviously there is some risk of additional losses, should those assumptions not be realized. If you are considering a sale obviously then there will be revenues and some savings associated with that which would not be realized. It is less than $6 million.

The next option that was considered was the option of selling the facility to a new operator. When we started this process the Board set certain policy goals for us and those goals are set forth in the next two slides. The first, of course, is to ensure a high quality of care and quality of life for the residents, get the purchaser to make a commitment to continue to serve the indigent, have the purchaser commit to a covenant to maintain the facility as a nursing home for 15 years minimum, and obviously trying to reduce costs to the taxpayer, ensuring that there will be no displacement of residents. Obviously if the facility is sold to a new operator, as opposed to a closure type of situation, the residents will not be displaced. They will still maintain their residency at the facility and receive the high quality of care that was discussed. Finally to ensure that the purchaser is someone who has experience in serving a diverse population and has demonstrated a commitment to the communities in which they exist.

The next page summarizes the process that we have gone through and Chad has touched upon that. Requests for proposals were issued in January. Those requests were advertised on line and in print with two popular national long term care magazines. They were advertised locally and were distributed informally through an industry contact list that Mr. Burford had. We received interest from four responsive parties. They have been noted in the media and press and disclosed by the County. One of those parties withdrew their interest because their concept basically wasn't consistent with the County's vision of the future of the facility. They were interested in more land and just a different kind of a concept. Various County employees, as well as myself and others have conducted due diligence and evaluations of the offers. Those have included examining corporate background, licensure and care data, office of inspector general reports, pending litigation checks, Dunn & Bradstreet, financial data and business plans, quality indicators and references. Mr. Burford has actually visited all three interested parties' facilities and multiple facilities. He witnessed first hand with his own eyes how they operated and interviewed people while he was there. We have had multiple in-person interviews with the owners.

What's next, as Chad mentioned, essentially two parties have satisfied the Board's policy goals and the next step would be to negotiate a definitive agreement for Board consideration.

The Outlook for 2007 under this option and this would assume a sale at or near the appraised price of $11.3 to $12.5 million. The results would be an estimated net $9 to $10 million of new revenues from the sale after incurring one time costs associated with it. Those types of costs would include transaction costs, outstanding workers compensation liabilities, continuing pension and costs perhaps on severance issues.

Mr. Hartwick: Do we have an approximate number of those costs at this point?

Mr. Stewart: I do not.

Mr. Saylor: We are working on those figures.

Mr. Stewart: We have some of them, but not all of them. It is something that would be developed in the process of negotiations. An actual agreement may result in a potential buyer taking on some of those costs or not. Those are things that would have to be put forth as we move forward.

Eliminate $3.2 million in annual subsidy to the facility. The County has provided estimates on savings in health care of $3.037 million and $1.47 million in pension costs going forward. We would realize additional savings in regard to workers' compensation, unemployment compensation and other costs. We anticipate that the County would receive $75,000 in property taxes annually, which would be paid by the new owner, which would be a private company. Obviously the County would continue to be responsible for debt service. We will be able to eliminate exposure to certain liabilities that come with running a nursing home -- wrongful death claims, steps that would be necessitated to correct deficiencies or any type of penalty that would have to be paid that are associated with those, grievances and various types of litigation in the labor employment area and other costs of doing business.

That essentially sums up the update. We are certainly open to any questions and we will do our best to answer them.

Mr. Saylor: Attached to these packets is some information that Donna miraculously pulled together which shows the cost for workers' comp and unemployment comp. She has been working hard to get this together. We did not include any savings because obviously there will be some costs that will continue if we do sell, but there will be some savings there.

Mr. Hartwick: That is an interesting number, $311,000 that has been spent on workers' compensation two years ago. That has increased by $100,000 in just two years. Can you explain any of the factors behind that? It sort of has been leading down this path of all the expenses have occurred to sort of put us in a position where we are pointing towards a direct sale, because of all these things happening at once. What were the factors that caused that number to jump? I know in the first quarter we had a reduction in comparison to last year under County ownership. But for the last two/three years, under a different management, we have seen a gradual consistent increase in those worker compensation claims.

Mr. Saylor: I just want to point out one thing Garry Esworthy mentioned to me and that is as you can see Spring Creek does represent a huge amount of our workers' comp budget, but a facility like a nursing home where you have staff lifting and moving patients and there are wheelchairs about it is historically a place where there is going to be workers' comp costs.

Mr. Hartwick: Just like anything else, we did some comparisons with standards in the industry and we are way off the chart. Taking a look at our claims versus other nursing homes we are a whole lot higher than other standard folks in the industry. That number for two years going up $100,000 has got to be from your perspective some rationale as to why.

Mr. Burford: I can only speculate as to some of the reasons as to why those numbers are increasing. I would like to focus more on what we need to proactively do.

Mr. Hartwick: Scott, I always said since you have been here it has already started turning around. I want to know in the last two years what we can attribute to those increases in costs.

Mr. Esworthy: Historically if you look back during the prior administration and I guess prior to 2000, there were a lot of claims that occurred at Spring Creek that we are continuing to pay for. We had to make a decision to pay some of those and terminate some of those claims. There have been some settlements in the last two years that we decided to do so we could limit our losses now. If you look back and you look from 2000 to present, the cost for workers' comp at Spring Creek has gone down. A lot of those costs are costs that have occurred to employees prior to 2000. We still have on the books claims from 1994 and 1993 that we are still paying out. Last year I made a decision to limit our exposure on those so we did some cost savings and we said let's just pay them off and be done with it.

Mr. Hartwick: How does that correlate in a reduction in our overall premiums for unemployment compensation? If you choose to make the payments to the claims does that correlate in a reduction in what your premiums are in paying for workman's compensation?

Mr. Esworthy: Workman's compensation in the County is self-insured. There are no premiums.

Mr. Hartwick: It leads me to my point that as we take a look at these claims it is more and more things adding up to say look at these expenses. They continue to grow at the facility. Looking at workman's compensation, there is some explanation that needs to incur behind those figures that say exactly where they have actually occurred at and why the County right now is choosing to pay them versus paying them off later. It just makes the numbers worse. I see that continually in every category that I look at from different areas that the numbers are at their all time worst. I would like to get behind what those numbers are and in this case you are telling me that they may not be current claims, they are ones that have been settled.

Mr. Esworthy: There are several claims and, again if you take a look at the workers' compensation historically, you have to remember that their medical costs are increasing, we are self-insured, so medical costs will increase. You may only have ten claims, but the cost of those ten claims could be costing us 50% more. You have to look at the number of claims. The important thing that you have to look at is the lost time claims. Those indemnity claims. Those are the important things that you need to take a close look at. Again, we are paying today for mistakes that have been made in the past. We had to make a decision to start limiting our exposure to those, because a lot of that money is not going to be reimbursable money at Spring Creek that attributes to that $6 million. The decision to pay it now or keep them on the books, again we have to look at that. We have people who are currently on workers' compensation that we can't bring back for whatever reason that we are continually paying out so we can continue to keep them on the books for 20 years or now we are going to limit our losses and pay them while we can afford to pay them.

Mr. Hartwick: Therefore it reflects very negatively on the bottom line of how much we are spending towards the Spring Creek facility.

Mr. Saylor: We have the data on what we are spending on workers' comp and unemployment comp, we did not include any savings in the number that we have given you for savings, because it was difficult for us to estimate. We are talking about maybe in the neighborhood of a six figure, like $200,000, which surely pales in comparison to the savings that will be achieved from healthcare and pension costs and those kinds of things.

Mr. Hartwick: I didn't see those added into the revenue line or the positive line from taking a look at County ownership options. I didn't see any of the pension costs that were associated with any savings under County ownership. That also should be something that would be seen and anticipated if in fact we continue to move down that road. Or are you suggesting that we are going to spend more money in pension costs?

Mr. Saylor: I'm not following you, actually.

Mr. Hartwick: You are saying to me that we are going to realize some additional savings because of our reduction in claims if we continue to move in this same direction. We eliminate those costs altogether if we sell it. If we retain it under County ownership that is something that we can expect to see a reduction in costs as we move forward. I don't see that reflected anywhere in the revenue.

Mr. Saylor: That is true. I think just the savings from selling Spring Creek we did not calculate what the potential savings would be from workers comp. You are not talking a whole lot of money there.

Mr. Hartwick: It seems like we are trying to pay up our liability and attach it onto the bottom line.

Mr. Saylor: I hear what you are saying, but just understand that we didn't factor in either equation.

Mr. Esworthy: Part of the reason why we are starting to look at that is because we always have to make decisions each year, do you want to stay self-insured or go fully insured? We have those claims on the books and they will look at that and say their cost would be incorporated and it is their cost to the entire county rather than one specific area. We always have to evaluate that situation.

Mr. Saylor: Is there any way that we could make a determination if certain policies were implemented that we could somehow reduce workers comp costs there?

Mr. Esworthy: When you say policies, what type of policies?

Mr. Saylor: I think what the Commissioner is suggesting is that if we were to implement some strategies in a way to reduce our workers comp costs out there that we could factor that in.

Mr. DiFrancesco: If I could ask the question from a different angle. Realizing that a nursing home facility is probably going to be one of your biggest cost centers in terms of workers comp, how does our facility compare to other facilities? Have we done any research like that and wouldn't that give us a feel for what best practices or whatever where we would be compared to other buildings? Are we higher than other buildings right now? Are we in the ballpark of other buildings?

Mr. Esworthy: I can do a comparison and have that to you next week.

Mr. DiFrancesco: If we could pin it to some reasonable number.

Mr. Esworthy: I can give you this information for Spring Creek, private and other county facilities.

Mr. Hartwick: I think it is just a small point that is trying to illuminate a larger point that I am trying to make here. Over the past several years, with the exception of the unrealistic budgeting that was done before this Board came onboard, I think the road that this facility has been moving down, the expenses are continuing without any kind of look at trying to reduce those. From our standpoint of where we are now with negotiating agency rates, talking about reduction in dietary, all those things were promised by management companies that did not occur. We are still way out of whack with standards in the industry.

Mr. Esworthy: If you look at the last quarter for 2005, a decision was made at Spring Creek, along with Scott, to place Donna Miller out there full time in charge of workers compensation. You will see those costs and claims have dramatically decreased.

Mr. Hartwick: I have.

Mr. Esworthy: That's why we also decided to start eliminating claims and be proactive on addressing and how much dollars they are costing. The other big thing that we have not taken into consideration is the number of employees that are on light duty who are costing a drastic amount of overtime.

Mr. Hartwick: My point is workman's comp, agency costs, all of the things that we have heard about for the last two years about trying to reduce those expenditures as I took a look and my eyes were opened at what the current expenditures are at the facility even before the folks came on. There has been little or really no effort to align us with what is happening currently in standards of the industry. That is why we see so many high costs that exist versus other nursing homes. Our costs continue to rise and no one is addressing those expenditures and negotiations with agencies. We are starting to now, but in my last sheets from January/February, we are paying $24 or $25 an hour for agency nurses when I am hearing that some of the standards in the industry are between $15 and $17 per hour. Those are costs that I would think would be in line by now that haven't been that have been a part of our bottom line expenditures. These are areas where we can reduce expenditures and we haven't seen it.

Mr. Haste: Let's go back to the workers comp thing. Garry, you are going to get that. One other thing that may help me out, following what George said, and I remember us talking a couple years ago about trying to buy these down. We decided to cut losses. That means that in a couple of years you are going to have a spike in your payouts. Factor those in that you are paying off and then do a five or six year projection where those are paid off and you start to flat line back out and give us what that number appears to be once we have paid down those liabilities.

Mr. Hartwick: That is what I am saying with a number of other costs that I am taking a look at. It is spiked now. As we move forward how is that going to look and this is an example of just that. That is what my concern is. I want a realistic financial picture, not what the final accrual accounting numbers were with all the losses that have been included without a real explanation as to what is behind those dollars. This is a confusing industry with tracking the dollars and numbers can be used to make it look extremely terrible financially or it can be made to look a whole lot better if you take a look at the future financial outlook. From what I have seen from some of the numbers that I have seen and there has been a lot of debate about those numbers is the worst possible scenario financially. If in fact these practices that we have heard about being implemented for a couple of years have actually been accomplished and implemented what would that mean in savings and when do we plan on doing the actual implementation?

Mr. Stewart: You are right Commissioner. Those are all factors that have been addressed by Scott. You mentioned the agency costs. The average right now is $19 an hour. Those things are being addressed. The goal of going to a 212 model is to really control a lot of those costs and actually have no agency usage at that point. The problem is that when you go to that model you also reduce the revenue. Most of the private companies that we have dealt with will tell you that at the end of the day cost is more important than reimbursement as far as having a profitable facility.

Mr. Hartwick: The problem happening with downsizing is you haven't seen the correlation in reduction in your expenditures. That is why we continue to be behind the eight ball and that's why further reduction plans you have to convince that the less revenue is going to outpace any kind of decrease in expenditure. We are in a position now where I don't think that has occurred with a lot of the downsizing, because our personnel costs are still so high and a lot of those are management and agency utilization. Those costs have not correlated to come down along with the reduction and therefore we are receiving less revenue and still have a large amount of expenses. That is why we are seeing significant operating losses. I have not seen the reduction in expenditures based upon what we have seen in comparison to the loss of revenue. To further reduce that, to see the actual reduction in revenues, I would have to see a serious expenditure plan that could actually be accomplished to make sense. We keep saying that revenues are reduced and that is what is causing the big hit to the end of the year bottom line, but we are not seeing the correlation in reduction in expenses. That is really what is killing some of the bottom line pieces to the outcome and the yearly accrual based accounting to the facility.

Mr. Burford: The agency utilization from January through the end of February, the budgeted numbers were $395,000 and at the end of February the facility has spent $110,000 on agency utilization. The decision to move forward to a 212 bed model is starting to pay its dividends. It is slow in coming and I never guaranteed that these success stories would happen over night. We have renegotiated agency rates. Our agency utilization has dropped dramatically.

Mr. Hartwick: I think all of us in the room, from union to Commissioners, there is accountability for all of us, I agree with that. Why weren't those rates in place already? In talking to other folks in nursing homes they have all said either that you are going to commit to these rates or we are not going to do business here. It is sort of like the old healthcare providers. You get all them bidding against each other, the lowest are the ones that you do business. There are a fair number of agencies who want to do business, especially as large as Spring Creek.

Mr. Burford: I think it boils down to leverage. Historically we have been operating on a 404 bed model and we have just been budgeting for agency. Agency has used that against us to some degree. One of the reasons for reducing to the 212 bed model wasn't just a miraculous I woke up one morning and decided that we should be at 212 beds. What I did I took the core staff members, the County staff members, and worked backwards. How many residents could we take care of by just using County facility employees and that is where I ended up with 212 beds. January 1, we were using 20% agency. That is unacceptable. That is unacceptable for anyone to be using that. Agency is designed to be supplemental staffing, not core staffing. We were relying on them for 20% of our core staffing. What does that correlate to? That correlates to one floor of our facility so the decision to go to 212 beds was to limit our admissions; eliminate 48 residents to take care of so we could take care of them with our own staff. We have done that and we are starting to see some dividends on that.

Mr. Haste: What percent are you at now?

Mr. Burford: Some where between 10 and 11.5%. Again it takes time and it's illustrated in the budget figures. We budgeted for $395,000 through the first two months of 2006 and we came in at $110,000. This is cash based accounting.

Mr. Hartwick: And that's not helped out by what I call the self-fulfilling prophecy with seeing this in the paper. It is already hard enough to recruit nurses, people not being certain about what the future is and trying to get adequate staff out there. It is hard enough to find nurses in this industry let alone seeing the future of this thing debated. It makes that job, of staffing it, even more challenging.

Mr. Burford: On the flip side of that I would also like to address some other reasons. One was a simple strategy of controlling costs. Naturally when you control costs you have got to find some kind of revenue enhancer to offset the reduction in revenue. Consequently we are seeing a drop in revenue by dropping our census. The opportunity for building a Medicare case load is there. In addition, that is why we want to reflect a 10% increase in our Medicare population, part A, short term stays and short term rehab. The other opportunity is to increase our case mix. This Board has heard time and time again that is a goal. You have heard it from many different operators and many different managers. I am here to tell you that in January we were at 1.12 CMI. That was the last quarter of 2005. The first quarter I just signed off on a document that states that our reimbursement CMI is 1.17. What that means is a significant increase on our revenue side. What that means is that we are documenting. We are taking credit for the work that is being done. We want to give you a very clear picture on revenue needs and expense control.

Mr. Stewart: These are things that the group, and particularly Scott, has really studied and considered and taken account for in getting it down from $6 to $3 million. There is still $3 million. Are there any other questions?

Mr. Hartwick: I have a statement that I want to read. I know Nick is the oversight and he may want to comment. I received a great education in the last couple weeks and it has not been without its challenges within the nursing home industry. This is not an easy solution as Mark indicated from the beginning. I think the argument comes down to what is the fundamental responsibility of County government and are we supposed to be caring for individuals who may have no where else to turn and are they going to be cared for in any kind of private sale with the understanding of what is happening in private industry and their case mix? I understand they may be served the same type of population that county nursing homes do, particularly high-end folks who may not have anywhere else to turn. That sort of mix without a private pay mix is a real recipe for disaster without the appropriate reimbursements to take care of them. That is sort of the reason why we find ourselves in this position. I think Spring Creek's fundamental obligation and reason for its creation was to take care of the most vulnerable residents in our County. That was the guiding philosophy when Spring Creek was founded over 120 years ago. We need to figure out a way to protect our taxpayers and to uphold our obligation to provide services to the most frail residents and that's what the creation of our task force was all about. I do not feel over the past several years that we have come close to balancing the needs of the taxpayers and our frail elderly. We have heard a sales pitch from two private consultants who both committed to reducing the general fund obligation to the facility and instead they have taken us down a road that leads us to a financial disaster. They did not come through with any of their financial problems and positioned the nursing home, I think, to have very limited options at this point. For example, we need to take a lesson from Lancaster County. One thing I'm proud of this Board, all three of us, have tried to be open and transparent, dot all the i's and cross the t's. There has been no behind closed doors, no handshake agreements. We have learned that is the best way to conduct the public business.

I have assembled recently a task force, a group of respected knowledgeable professionals, that consists of experience in the nursing home industry. The task force has examined those options and continues to come up with some creative ways to solve problems that have been insufficiently addressed over these past several years, and this is not just the last two years. This has been a problem, as you hear, with workers compensation claims, mismanagement, changing of management, even with the prior administration how many management teams were in place? Three or four and there was no consistency and no implementation that I have seen. Also, we are attempting to reduce the County general fund obligation to the nursing home to a manageable number. Remember this is not a new thing. We have always given a County general fund obligation to the nursing home. Since 1995, that obligation has been about $4.7 million on average. I expect to provide a full report and I hope the Commissioners allow me to provide a revised budget to the Commissioners on April 19. However, this job has not been without its fair share of challenges. It appears to me that the management company, while suggesting ways to cut costs, has done little or nothing to implement any cost savings as it relates to agency costs, some standard agency rates, dietary costs and I think the list goes on and on. Unemployment rates, we have already talked about and we are still paying some of the highest premiums around in some of those areas. It is causing us about $25 a day to provide a meal to residents. Our agency costs are not even coming close to meeting the costs that are standard in the industry. This is for folks in this room, I am a union supporter but there is no way, if you want to save the home for the future of the residents of this County, this is not about winning a battle and losing the war. We need to understand that without making the concessions and without trying to implement some additional management rights, which we are factoring into the solution of this contract and we have heard it from everybody that it is not going to work. We can sit here and try to argue over the specifics of the contract or we can try to get something done to try to make sure that Spring Creek is in the hands of the County as we move forward. Without that piece I don't think any solution is going to work. Our Committee's efforts have been about identifying opportunities for residents in our County who do not have monies, which could be used for their care and end up instead as business profit. I believe our seniors deserve a thorough review, with all options examined, before we make such a decision. Our seniors, now and in the future, deserve our commitment to be responsible for them. Additionally that number is way out of line with efficient nursing homes, both county and private, currently operating successfully. Also, we have identified many new revenue sources to be dedicated to the bottom line of Spring Creek and we have examined the proposed DPW rate changes and what they will do to the bottom line of the facility.

The path of Spring Creek has been drug down over the past several years, been destructive, a self-fulfilling prophecy that makes it almost impossible to keep Spring Creek under county ownership. With Spring Creek in the paper it becomes more and more challenging to find qualified employees and qualified nurses to provide quality and cost effective care to seniors and our long term care residents, as well as, market our facility to prospective private pay residents. Without marketing Spring Creek as a high quality of care facility that would attract private pay residents, who are currently choosing other nursing home facilities over Spring Creek, there is no chance to succeed. I would provide details of some of the opportunities that exist to keep Spring Creek under County ownership in April, but even then it is going to require some County general fund contribution. We should not act like a required contribution is something new. I have talked about that, we have been giving about $4.7 million out of the

County's general fund each year to support the operation of the facility. This brings us to one fundamental point, does County government have the obligation to take care of its most needy residents at a time when they have no where else to turn. I believe that there is an obligation to care for our most vulnerable citizens and that is why we continue to diligently work to provide opportunities for our residents under County ownership. That challenge has been exacerbated by the inability of the private management company to perform over the past couple of years.

In fact, if we are unable to convince anybody to take a look at the continued County ownership option, which in fairness to the Board we have, all three of us have.

I have concerns about a sale to a private company. The first one is will the new owner continue to accept the same residents, the medical assistance and Medicaid folks and if they choose to change their case mix index, what recourse, if any, does the County have? I think that is a legitimate question I want to have addressed. Taking care of the long term needs of these folks, understanding that in the past two years we have had four private paid nursing homes in this region go out of business, we are under bedded in the region how are we going to be able to take care of these individual residents?

Mr. Stewart: First of all we made it very clear to all the parties that really the two paramount goals and requirements of the Board is to continue to take care and serve the indigent and the Medicaid population base and also to maintain operations as a nursing home for a minimum of 15 years. The two finalists who met the goals have definitely committed to both of those causes. They are entities that are experienced in running facilities in all types of demographics including downtown Cleveland, downtown Los Angeles. They have experience in taking over facilities that have been under performing and have had a troubled past and they have frankly made them profitable. I believe one entity's facility in downtown Cleveland has a 93% MA rate, which is substantially higher than what we have at our home. According to the financial detail they provided us that facility is profitable. The answer is it has been made clear. We have been provided with a commitment by the interested parties, as well as evidence of a track record that they can accomplish that. Ultimately those are things that are going to have to be built into the contract, into some definitive agreement that can be enforceable; requirements to continue to meet Spring Creek's current population of MA. Those are things that because they are the triggers of penalties and enforcement provisions are something that are clear in that situation. There is something that should be able to be developed and made enforceable. I understand that I heard from the Commissioner that he has never seen a contract that was actually able to make good on its enforcement provisions. I guess I would just note that the difference there might be the subjective nature of the triggers on those enforcement mechanisms versus the fairly black and white situation we will have in this scenario.

Mr. Hartwick: We talked about this. The concern that I had in taking a look at those private pay nursing homes, they have a certain mix of private pay and they don't have as high a MA population as we do in our County home. If we dictate to them in an admissions policy, I don't know how familiar they are in dealing with this regulatory environment that we have in Pennsylvania. We talked yesterday at length with DPW and CCAP and we had one of the guys run some of the numbers. Even in the best case scenario for a private company, and again I don't know what their business plan is, and I don't know exactly what niche in the market they are going to be going after to attempt to make them successful in the nursing home business, but I have a concern. If we do dictate an admissions policy that requires them to get a high level of MA folks so we assure those beds for those folks in this County and their business motto doesn't allow them to be successful, because they are not here to lose money, what happens? They want to come here to generate a profit. They come back to the Board to change their admissions policy and try to come up with something that would meet their business plan and allow them to continue to be profitable. I don't want to tie their hands in a way that is not going to allow them to be successful, because the worst thing that could happen is for them to come here, them to fail and then two years later we are here trying to spend money to retake over the county business. It is tough in this market. In talking to a lot of the nursing home administrators and they don't understand what the niche would be.

Mr. Stewart: Obviously that is a concern and that is something that we considered. The evidence that we have to date shows that it does not support the hypothetical that would occur. Like I said, the one company actually owns a home in Pennsylvania. They are familiar with the regulatory process here.

Mr. Hartwick: And the changes?

Mr. Stewart: I have not asked them specifically if they are familiar with the changes.

Mr. Hartwick: I know this could be a negative thing for a sale. I would feel a little bit more comfortable if and I guess there is a term and I said this earlier, "let the buyer beware", but in a transaction like this that is so important. This Board has a commitment to see that these types of residents are served. Isn't it an appropriate deal to be able to have them sit down with folks who understand the regulatory responsibilities in this environment, this local market, and be able to have an open and frank conversation about what they are actually getting involved in.

Mr. Stewart: Obviously I can't commit for them. I think those types of audiences would certainly be something that could be done. They certainly have to meet with DOH regarding licensure to the extent that they aren't licensed already. Again, these are folks who are currently operating in PA and also who have nursing home administrators that they will bring in who currently are licensed and are operating or overseeing homes in Pennsylvania. I think there is some general cognition of the situation here. That is something that we can certainly make clear for them and perhaps have those audiences with the department or whoever else you had in mind. Again, these are folks that were not scared off by the percentage of MA at our facility. They operate facilities that have higher percentages and have made a go of it. They obviously operated some facilities that have lower percentages which are located in different areas.

Mr. Hartwick: Have they given any indication of the level of MA that they would be able to commit to us and maybe an admissions policy approval process?

Mr. Stewart: That obviously will be something that will be part of the negotiations in terms of the details and what the apportionment provisions are. They have stated that they commit to meet our current MA percentages.

Mr. Hartwick: You know, with the closing of the Villa Theresa, in talking to the Area Agency on Aging, we have had to place a lot of residents outside of this County, because we didn't have sufficient beds for them to be able to actually stay in this County. We expect a major boom in population in the year 2010 with our senior residents. Right now we have 53,200 residents over the age of 65 in this County. It is expected to go above 70,000 by 2010 based upon some of the projections. We need to do some long term planning around how we want to address the future housing needs of seniors in this County. I don't think we have done that. We want to make that a top priority. I am really concerned that if the MA folks are not going to be addressed, and we have the need for additional beds for these folks, where are they going to go and how are we going to address their long term housing needs?

Mr. Stewart: I know Mr. Burford is very concerned and is very much on board with your concerns about that and those have been the conversations at the Task Force's meetings. I would note that both interested parties are interested in operating the facility at 404 beds. At least in terms of going forward there will be additional capacity under their business plan at the Spring Creek facility.

Mr. Hartwick: Another concern is this has been a lot of talk about the evaluation of the facility. One of the points that I made was trying to put all the actual losses on this current year making it the worst year projected. In the evaluation of the assessment are those operating losses one of the major factors in trying to assess the value of that facility?

Mr. Stewart: Steve would you like to answer that, you provided one of the evaluations.

Mr. Howe: In looking at the process for an evaluation whether it be an appraisal or the evaluation that we did of the subject property, we are basically reconstructing the income, reconstructing the expenses to be what fits with the averages of comparable properties. We are not specifically looking at the operating expenses and income of the subject property. The responsibility of an appraiser is to view what the averages would be for those types of comparable properties. To answer your question, we basically leveled out those claims and those types of expenses rather than showing those peaks and/or valleys that may occur in the various operating expenses or revenues.

Mr. Hartwick: So, what you are saying is the operating loss and revenue does not have a significant impact on the evaluation of the home.

Mr. Howe: It does not.

Mr. Hartwick: The $21 million in debt service, if we did a best case scenario, $12.5 million is what that building is worth?

Mr. Howe: That is correct. That was our evaluation of the fair market value, which is a snapshot as of the appraisal date.

Mr. Hartwick: It is always interesting to see how properties are appreciating every where else and we just built this facility three years ago and it has now depreciated $10 million in value, or we overpaid $10 million to have this building built. I'm just trying to figure this out.

Mr. Haste: Ancient history.

Mr. Saylor: You are doing an appraisal for what you are trying to do. If the directive from you guys was to get the most money possible and we said about selling all the equipment, etc., emptying out the nursing home and then turning around and selling that parcel of land as Tec Port 3, I think we would probably be talking a much higher appraisal, because we are putting limitations on what that particular parcel/building facility can be used for that does bring pressures on what your estimated value is going to be.

Mr. Hartwick: From an investment standpoint this company can stand to lose some money if in 15 years they can see the property value growing at that location. They can flip the property and make a significant profit and we can be left without a nursing home.

Mr. Saylor: Those are all terms of the agreement.

Mr. Stewart: Obviously if the commitment is 15 years you are technically right. Both of the parties, however, have made it very clear that they are in the nursing home business. It is actually a family business for the one and a family history for the other party. As they have noted they have bought 49 facilities and they own 49 facilities. The other one is 17 and 17 and they have not closed or sold any of the facilities since their six or seven years of ownership. I guess that is something that mitigates the concern that you raised.

Mr. DiFrancesco: Would we be able to put any kind of deed restriction on the sale?

Mr. Stewart: I would see that a deed restriction would be something that would be very difficult to do and something that would not necessarily be advisable. What you can do is essentially have covenants within the transaction document that they would continue to operate the home as a nursing home facility. Can you actually enforce the specific performance of that, no, because that would be a contract law issue? You can impose substantial penalties and you can prevent the facility and the property from being used for any other purpose if that answers your question.

Mr. Hartwick: And obviously that would probably correlate in a reduction in the sale price. Any additional restrictions would probably correlate in any reduction.

Mr. Haste: That would be part of what drove your appraisal.

Mr. Howe: The restrictions, yes. We took into consideration the 15 year covenant that the Commissioners asked us to look at to maintain the property as a nursing home facility. Don't forget what we are looking at and what we are appraising is the operation and the Spring Creek facility. We are not appraising all of the other 30 odd acres that exist in that particular geographic complex that the County owns. We are carving out this specific Spring Creek footprint.

Mr. Stewart: To George's question the offers made to date were made with knowledge of these requirements and also even to some degree the type of enforcement provisions we have in mind. Certainly those offers are subject to due diligence and negotiation.

Mr. Haste: I believe Lancaster sold theirs for only $8.5 million and that was 39.5 acres.

Mr. Hartwick: There are some indictments there.

Mr. Stewart: It is kind of an apples to oranges situation for various reasons.

Mr. Saylor: We don't have all the details of the Lancaster issue.

Mr. Hartwick: To summarize I think my points are we need to run this facility much more efficiently. We have not been able to do that. There needs to be a number of individuals at this table and the variables need to happen that includes all parties we mentioned in this conversation in order to try to come any where near a manageable number from a contribution from our taxpayers in the County. Without that it is not going to work. If individuals aren't going to care for the most needy residents of our community, I believe it is government's fundamental right and responsibility to be able to care for those individuals. In fact, we want to still work diligently to provide a revised budget and a plan to the Commissioners before final consideration that is hopefully going to allow us to move forward in that direction of which I know we have had different opinions. That is what makes this Board great. We view things differently, but it is never made personal and it is never made in a way that is going to be degrading to any individual even though we have had differences in the way we approach these things. I do share a number of concerns and that means caring for those folks who I don't believe are part of the business plan in a profitable private pay nursing home situation. I need to have assurances that those individuals, in fact, will be a necessary part of an enforceable provision making sure that as we take a look and address those long term care needs for our seniors in Dauphin County. I don't want to have them fall back in the human service system, because they don't deserve to be in jail or in homeless shelters. They deserve to be provided with the quality of care that they deserve at that age. They pay taxes their entire life and are individuals who have committed to our community and quite frankly at the most vulnerable age of their life they may not have anywhere else to turn. I kind of like the idea of having the County control, whether they have somewhere else to turn versus someone who is trying to make a profit in the business. I know the County will provide that opportunity for its most needy residents. I also have some issues about the evaluation and how we are going to be able to subsidize the sale in the case of a private company and have to pay debt service. I also want to make sure that in that sale process that the company understands upfront exactly what they are getting into, because I don't want to stand here, if I'm fortunate enough to be reelected, in two years and hear we can't make a go of it. How much are we willing to spend to retake over the facility? How much are we willing to spend to keep the nursing home open? I think those costs that we would have to spend pale in comparison to what the yearly budget is at Spring Creek. I want to make sure that doesn't occur in this County.

Mr. Stewart: We hear you loud and clear.

Mr. DiFrancesco: A couple of issues, it has been a long two and half years in working with the facility trying to ensure that we address the concerns that very obviously went wrong with that facility over a long period of time. As the Commissioner mentioned, in 1995 we started to provide quite a bit of money to the facility in order to make sure that it operated. Probably in 1995 was when a lot of the management problems began and a lot of issues started to take root. Over the next ten years things continually progressed to get worse to the point when this Board came into office and took over and in fact we were on our second provisional license and things were looking very bad and there was no true leadership. We stepped in and did take a lot of steps over the past two years to ensure that building would have the choice that we have today. That in fact, it wouldn't fall into receivership and basically have the State come in and take it over or out of business. We have done very well in doing that. The quality of care indicators, the leadership that we put in out there, in the short term, did in fact perform very strongly in turning around the quality of care functions, bringing some organization to the building, improving the quality of training and quality of management follow-up. As we mentioned certainly that company did not do enough on the financial side, but they did get us through the immediate crisis, which could have cost the home two years ago and that was quality of care. Since that time, quality of care has improved. Spring Creek is a facility that has a great reputation now in the community. I don't know what you receive on a daily basis or weekly basis, Scott, but I know my phone rings quite a bit with people asking for assistance in trying to get a loved one into the facility.

This Board never wavered in its desire to make sure that those services would be provided in this community and will continue in this community. I want to commend all of you for the job that you have done, because I have yet to see an unturned stone. Your diligence in identifying this as a very important issue, making sure that the process would bring us to the proper conclusion, the fact that we do have options today. The one option that we did not discuss, thank goodness for it, is the close option. Probably several months ago we didn't know if that one was on the table or not. Well, it is not. We have two viable options now and I think one will clearly be judged more viable and will make more sense. A couple of points that I want to raise from your presentation especially, and from some of the other actions that I have had through this process, and that is both companies at the table right now have said to us don't decertify the beds. Right now we are operating on a 308 bed model, obviously we have changed, but we are starting to reduce further. Right now, we have 308 beds where we dropped to under the last reduction in size. Now we are going to 212. Both companies at least hold open the option that building will one day be restored to 404 and even more beds will be available. When we talk about future needs and demands, certainly there will be a need for future demands and as more and more companies like Villa Theresa, due to one reason or another, find it difficult to stay in business more people will turn to Spring Creek. The process has been very professional and I think one of the reasons why we have two good providers at the table is because we have been very professional with them. Scott has gone out to the facilities and explored them and the one thing that we didn't want to do is buy into rhetoric and have a company that was not going to provide good service. The quality of care to these people was paramount. We had to make sure that these companies were solid. They are, both in terms of quality of service that they provide, the experience in the market places that they have been and the financial power backing them up. That is going to be important, because through a transition any body is going to have to build themselves to a point of profitability. In terms of Spring Creek and the business operation, I think that the number one point of one of the options that we have today is under both scenarios, no residents get displaced. The neighborhood of Spring Creek remains intact and that is incredibly important because moving people out of the building would be devastating to some. One of the other improvements to the building that does not get a lot of billing, because you really don't see it unless you live there, is the fact that from a social aspect the building has improved tremendously over the past two and half years. It used to be the church services were the predominant functions going on and now we have all kinds of functions out there for the residents. We hear from the residents all the time how much they like where they live, they like the neighborhood of Spring Creek. The fortunate thing about today is under both scenarios that neighborhood remains intact. The other piece of it that is the critical point for this Board is that over the next ten years, with a lot of question marks on what may or may not happen, it is reasonable to think based on what is going on in other nursing homes, what is going on the national and state level, the number you laid out here of $60 million is pretty accurate. It might be several million to us and several million more. Over the next ten years it is likely that we are going to be spending millions and millions of dollars and as the trouble of the past drove tax increases in the past, troubles of the future could very well draw tax increases in the future. The other piece of this puzzle is making sure that those seniors and others that live in our community are not continually plagued with ever increasing taxes that force them out of their homes, and for sheriffs to carry 80-year old women out of their homes because they can't afford to pay their taxes. The responsibility before us is multifaceted. We have to make sure that the services stay, that the quality of service is not harmed at all, that the financial burden on the taxpayers is corrected and in fact that is a matter of putting more efficiencies in the building. One of the questions that I wanted to ask was we saw a decline, when we dropped the facility down to a 308 model, we saw a reduction in agency use. Now, it is on the rise again. If you had to qualify that what would it be? Would it be the fact that we are losing employees in droves? What is driving the fact that our agency usage is going back up?

Mr. Burford: We have had a fair amount of turnover during that period of July 2005 to December 2005. We have had difficulty recruiting staff. During this period of uncertainty I think there has been some reluctance on qualified individuals out in the community to apply.

Mr. DiFrancesco: Which is understandable if you don't know what the future is going to hold, you certainly don't want to tie your horse to that hitch. This Board does have a very serious decision to make. I don't doubt for a minute, based on what I know and what you have all studied very closely, that both of these providers will be long term partners in our community. If they choose to come here and choose to make the investment, they will be long term providers. Both of them I truly believe will do a great job. I have to say that based on the presentation that you have made I really didn't think we would be in a position to have the quality of options that we have before us. In fact, as I said several months ago, I was very frightened that we would be talking about closure. We are not. We got two strong providers at the table. A sale is a very viable option and if in fact we can turn some things around the option still exists also for the County to stay in the business. But, in no way, will I support an inefficiently run operation. I will not support that, especially when we can keep those people safe and happy, keep the services available for those who need the services in the future at an even higher level. I will not support the continued operation of an inefficient building and that is not any criticism on you by any means, because I think you have made tremendous gains in the short time that you have been there and have been in charge. In fact, we have made a lot of gains over the last two years. I believe that we will continue to make the types of gains that we have to keep the County control option on the table. I can tell you from one Commissioner's perspective; I will not support the continued inefficient operation that we have in place right now. I want to thank you all for the job that you have done, the job that you will continue to do and I know each and every one of you have worked very hard in making sure that no stone goes unturned and that the Commissioners have all the information that they need. As we move forward, I know that however long it takes to get a deal put together that we can actually look at and answer a lot of the questions that we talked about today, what guarantees do we have, if that takes whatever it takes, I know that when the time comes for the Commissioners to review and make a decision that information will be complete and intact. For once we may actually have a contract that will answer our questions about what happens in the future. I agree with you that in the past our contracts have not been very strong. Thank you all. I really don't have a lot of other questions.

Mr. Stewart: Thank you. Just to illustrate one of the points that you made about the quality of care being so important. Both the parties at the table indicated to us when we met the quality of care drives the success of the operation. It is an industry truism. Both of these entities have had substantial success in that area. The one has had multiple deficiency free surveys at its buildings, which resulted in a large part in their occupancy rate exceeding statewide averages where they are. The other one has had similar success and has had the State turn to them on several occasions when they had taken over buildings that lost their licenses. This is the first entity they go to, to say will you please take this building over, they are one of the parties that is at the table. There is some evidence that your concern on that will be met.

Mr. Hartwick: I see some of the people who do the job out there at the facility and you are to be commended as well. In the face of uncertainty to know that you continue to come here to fight for and we always hear that the union causes so many problems and challenges, you know what I would suffice it to say that 98% of all workers out there at Spring Creek are dedicated not to a pay check, but to helping residents in doing the right thing for the people at that facility. The bottom line you stuck through a lot of uncertainty, which you get a lot of time as you read about it in the paper rather than communicated sometimes directly. I just wanted to commend you for the job that you do every day and it is not for yourself, it is not for a pay check, it is not for this Board, it is for the residents in that facility. I would just encourage you to keep up that good work because they don't deserve to be in the middle of a debate about the future of the facility. They deserve your best efforts as you have given them continuously through the process. Thank you for coming.

Mr. Haste: I think we have some follow-up items that are out there and I would ask that as we continue down this road that Chad somehow bring those up to us each week so we stay updated. I'm stuck here in the middle. My two colleagues each have different paths they have been taking and I want to commend actually both. This will probably be one of the most looked at, whichever way we go, decisions we make and will feel very confident that either way we go will be for the best of the residents. I know we talked about the residents, but I think the other thing that we also have to think about are the residents that we have for the next how many years to make sure that they have a home to go to. I commend everybody who is so passionate about this, because it will be a very important decision that we will make. So keep this on the agenda and make sure that we have the updates each week.

Mr. Saylor: We have more information that we will have to bring back to you. We will proceed now and sit down and begin some negotiating with the goal of bringing back to you a proposal to enable you to make a final decision sometime in the near future.

Mr. Haste: Garry, if you can have that information next week.

Mr. Esworthy: Yes.

PERSONNEL

Ms. Sinner: The first items are Salary Board requests. Facility Maintenance, their Manager of Utilities and Maintenance retired and Edgar is proposing to eliminate that position. He is able to divide the duties among a couple different positions that calls for a reclassification of those positions. For instance, the Department Clerk II he is proposing to make that an Administrative Assistant II. That position will keep track of the information on the fleet. We have a maintenance worker who services a lot of our equipment so he doesn't have to send the equipment out, etc and he is proposing reclassifying that position to a Maintenance Worker III. That is the work of a Maintenance Worker III, it is a more skilled position. Because custodian duties have increased during the day in this building, he is proposing to extend the hours of the part-time Custodian into full-time and create a full-time Custodian Worker I. The Prison is proposing to create a interim Fill Treatment Specialist, because so many of their specialists are not working due to FMLA's, suspension and some other reasons.

Mr. Haste: I have asked the Warden, there is a fairly good possibility that one or several of those will not be back. When this happens this person will fill one of those positions. There is still a need to have the services provided. There are people that are on our complement, but for various reasons are not there.

Ms. Sinner: When we are ready to actually make a permanent fill, this interim fill position would go away.

Mr. Hartwick: It would be eliminated?

Ms. Sinner: Yes, it would be eliminated and someone would be transferred into the permanent position. Court Administration is proposing to eliminate their full-time Department Clerk II/Jury Clerk and change that into a part-time position. They are also proposing to create a Jury Administrator position. That person will oversee the jury clerk and also the per diem tipstaffs and court clerks and do some of the work that Mr. Witmer and Mr. Farina used to have to oversee. I also have an Addendum. In looking into moving Farley Johnson into Voter Registration from Facilities Maintenance, it became aware that everybody was just classified as maintenance workers and they really are not maintenance workers. That is the purpose of these reclassifications. We are proposing, those who work on the voting machines, doing the programming, testing, that they be called part-time Voting Machine Technicians. Those that help set up at the polls and gather the election results, we are proposing that they be called part-time Election Prep Workers.

Mr. Hartwick: When you eliminate those I thought you would be eliminating those out of Facilities Maintenance.

Ms. Sinner: No, Edgar did not want to eliminate the Custodian Worker position that Farley is in. Steve Chiavetta had a part-time Maintenance Worker that he is not using in his department that we eliminated to create the Voting Machine Technician and that is where Farley is going into. The rest are all reclassifications. Edgar didn't want to eliminate the Custodian position in his department, which is where Farley is currently in right now.

Mr. Hartwick: So, we are not creating any new positions?

Ms. Sinner: No, we are not.

Mr. Hartwick: We are taking them out of your budget and putting them in Voter Registration?

Ms. Sinner: Just Farley.

Mr. Cohen: Basically Farley just works for Steve Chiavetta, only on a part-time basis.

Ms. Sinner: When Farley came back, he had retired and was rehired as a part-time Custodian and did do custodian work for Edgar for approximately five months before he started helping Steve.

Mr. Hartwick: So, there are nine part-time folks in Voter Registration?

Ms. Sinner: That is correct. The rest of these people only work during election time. The one Voting Machine Technician, he works about ten months out of the year. He too is a retiree that has to keep his hours under 1,000.

Mr. Hartwick: I just don't understand how you need to create a position if someone is there working already?

Ms. Sinner: I'm not reclassifying them.

Mr. Haste: When this all came up they were all listed under Edgar. Somehow they were paying them out of Edgar's budget, but they were working for Steve.

Ms. Sinner: If you look at the Salary Board, the rest are all under Steve's appropriation code. That hasn't changed. We are also making their rates of pay consistent.

Mr. DiFrancesco: I'm confused by, we are making their rates of pay consistent, because I'm looking…

Ms. Sinner: They all started at the same time and their hourly rates were all over the board.

Mr. DiFrancesco: Most of these people are retired and I think what they did was they ended up paying them at some rate…

Ms. Sinner: It could have been or at one point they were in a dual position and they left their other job and this kept them on the payroll system.

Mr. DiFrancesco: When you say that you are making them consistent, I see the hourly rate on the form, which is…

Ms. Sinner: Are you looking at the Prep Workers?

Mr. DiFrancesco: I don't know actually.

Ms. Sinner: If you look at the last Salary Board request on the lower portion of the positions being eliminated you will see there are different steps and rates of pay, but the seven positions being created, the Prep Workers, are all being created at $13.11. These fellows have not even worked this year. They haven't even been paid this hourly rate that shows as current.

Personnel Transactions Request to Fill Vacancies, the Prothonotary's Office lost an Administrative Assistant and they are moving someone into that vacancy, which creates a chain reaction. They need to fill the Clerk III vacancy that is going into the Administrative Assistant position and then a Clerk II is going to be vacant because that person goes into the Clerk III. Juvenile Probation is requesting permission to fill positions. They will be filled in the May window. Court Administration is filling their Department Clerk II vacancy. That has been vacant since November or December 2005. There are a couple transfers, including this one in Facilities Maintenance. I then have the Addendum for the Voter Registration reclassifications. With Item #1 on the Personnel Transactions Addendum, I will say that Steve did feel, based on the work that this person does, that he felt that the pay he was currently making was not sufficient and that is why he wanted to increase that.

Mr. Hartwick: Did he talk to you about that Nick?

Mr. DiFrancesco: No, we did not talk about that specifically. Were there any concerns, aside from my own?

Mr. Haste: Find out why.

Ms. Sinner: Again, this person's hours will be less than 1,000. There is some reduction on the other workers, but their hours don't total 1,000. He did say his budget could handle it. Are there any other questions?

Mr. Haste: Marie, do you have any questions?

Ms. Rebuck: No.

PURCHASE ORDERS

Mr. Baratucci: You should have all received your report yesterday. There are no changes to it at this point. There are some over budgets that need to be corrected, which will be done between now and next week. Do you have any questions?

Mr. Haste: Any questions? (There were none.)

TRAINING PACKET

Mr. Haste: Is there anything on the Training Packet that needs to be addressed at this time?

Mr. Saylor: Yes, we need to get approval on Item #1 and #2. Has the Warden requested approval? (It was noted that approval is being requested now in order to save money on the registration.)

> **It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick that the Board approve Items #1 and #2 of the Training Packet. Item #1 is for Dominick DeRose (Prison) to attend the Pennsylvania Prison Wardens Association Spring Conference on May 4-7, 2006 and for Linda Smith (Schaffner Youth Center) to attend a DSI User Group Meeting (resident computer system) on April 5, 2006; motion carried.**

ITEMS FOR DISCUSSION

A. Strike off all penalties, interest and charges from the 2004 Interim delinquent taxes for Diane Kern on parcel #68-050-045 in the amount of $61.37. (***A VOTE IS REUQESTED 3/29/06)

B. Appointments/Reappointments to the Dauphin County Conservation District Board of Directors:

   1. Ronald Kopp
   2. James Szymborski

Mr. Haste: Item A is a tax issue that we need to deal with.

> **It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco that the Board Item A under Items for Discussion (listed above); motion carried.**

Mr. Haste: Item B will be taken up at next week's meeting.

REPORT FROM THE SOLICITOR – BRUCE FOREMAN, ESQ.

Mr. Foreman: There is nothing to add to the report that was circulated. I would be happy to try to answer any questions you may have.

REPORT FROM CHIEF CLERK/CHIEF OF STAFF – CHAD SAYLOR

Mr. Saylor: I have nothing to report.

COMMISSIONERS' COMMENTS

Mr. Haste: I would like to wish Commissioner Hartwick well this afternoon.

PUBLIC PARTICIPATION

Mr. Haste: We are again at the point in time for public participation. Is there anyone in the audience that would like to address the Board? Please come forward.

Mr. Saylor: For the purposes of the record could you give your name and address?

Mr. Swonger: My name is Mary Swonger and I'm President of the Harrisburg Region Central Labor Council that represents workers in a six-county region that includes Dauphin County. My address is 4031 Executive Park Drive, Harrisburg, PA 17111. I want to first of all thank the Commissioners for hiring a Nursing Home Administrator. We are very thankful that you have, what I believe is, transparent oversight again by hiring an employee of the County to manage the facility. I would like to also and I do this not really for the Commissioners, but the public, if you look at the graph that talks about the Spring Creek audit figures from the period 2000 to 2004 where the cost escalated. Most of the time the facility was managed by a private management firm during one of those periods where the costs escalated. Again, I think one of the ways that we can turn that around is by having transparent oversight of the facility. I would also like to thank Commissioner Hartwick for his work with the task force on the future of the County Nursing Home. The Labor Council, through our community services committee, has for a number of years volunteered at Dauphin Manor and Spring Creek. With our activities department, we see first hand the work that the Nursing Home does and many of our delegates have family members who reside at the facility. We are very concerned about the privatization of the facility. We are concerned that three privately owned facilities have closed in the County in the past five years. Some of those facilities were for profit and some were not for profit. We are concerned about the future growth rate of the senior population and what facilities will actually be in this County. How far are our residents going to have to travel to go to skilled nursing facilities? Is everyone going to have to go to Cumberland County, Lebanon or Lancaster Counties to get quality skilled nursing care? This has been a 100 year tradition that this facility has been County-owned. I should really say more than a 100 year tradition. This facility has been unionized since the early 1970's. It has been one of the best nursing homes in the County and I believe that was under your tenure, Commissioner Haste when you were Chief Clerk. We have a very proud tradition. It is not because this facility is unionized that it is not functioning well. It is really a matter of what is happening in the market and I think that with strong management it can return. I don't think we need to make quick decisions about the future without getting a lot more public participation in the decision of this sale. We don't want to lose the oversight and transparency of the nursing home and we don't want the travel to be increased. We want to thank you for the time and the care that you have taken in researching this problem, but we want you to understand that this is a partnership, not only with the workers and the residents, but it also is a partnership with the community and the future residents of the facility. Thank you.

ADJOURNMENT

> **There being no further business, it was moved by Mr. DiFrancesco and seconded by Mr. Hartwick that the Board adjourn.**

Respectfully submitted,

Chad Saylor, Chief Clerk/Chief of Staff

Transcribed by: Richie Martz

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