



**REGIONAL CENTER OF THE EAST BAY
Board of Directors' Meeting**

Monday, June 24, 2013, 7:00 p.m.
2151 Salvio St, Concord, CA

**MINUTES
FINAL
Approved July 22, 2013**

RCEB BOARD MEMBERS PRESENT:

Anne Struthers, President	Donald Morris
Kathy Hebert, Vice President	Gwen Nash-Butler
Mike Kuller, Treasurer	Mike Treppa
Rose Coleman, Secretary	Sister Marygrace Puchac
Nyron Battles, CAC Chairperson	Steve Whitgob
Cecilia Corral	

MEMBERS ABSENT:

Ronald Clay [excused]
Chi Lee [excused]
Hilda Mariscal [excused]

STAFF PRESENT:

Jim Burton, Executive Director
Francine Davis, Director of Community Services
Terri Jones, Director of Human Resources
Nancy Kubota, Director of Finance & Administration
Pam Thomas, Director of Consumer Services
Ella Liggins, Associate Director of Consumer Services
Meredith Rosenberg, Case Manager
Eric Stern, Case Manager
Michi Toy, Executive Secretary

GUESTS PRESENT:

Bill Barbaria	Rocio Smith
Jerry Grace	Todd Struthers
John Rodriguez, CCDDC	

CALL TO ORDER

President, Anne Struthers, called to order the regularly scheduled business meeting of the Regional Center of the East Bay at 8:40 p.m. Quorum was present.

CONSENT AGENDA / MINUTES

M/S/C “The Board moves to approve the minutes of May 20, 2013 as presented.” (Kuller/Whitgob) Unanimous

M/S/C “The Board moves to approve the agenda of June 24, 2013 as presented.” (Kuller/Whitgob) Unanimous

PUBLIC COMMENT

No public comment

COMMITTEE REPORTS

EXECUTIVE COMMITTEE: Anne Struthers

- Ms. Struthers distributed the contract approval packet outlining each of the five contracts to be ratified at this board meeting, and informed the board that they were approved at the Executive Committee meeting on June 12, 2013. The following will need the board authorization for RCEB to enter into these contracts:

I. Department of Developmental Services [DDS]

- **D-5** → for \$11.7M in POS funds, no change in contract language

M/S/C “The Board moves to ratify the D-5 contract amendment with DDS as presented.” (Butler/Puchac) Unanimous

- **E-Series** → This contract represents the first contract with DDS for the new fiscal year; a low estimated amount until finalization of the budget. It provides us with the ability to get an advance on funds so that we can continue to operate. Small changes were added to the HD099015 contract that was negotiated by DDS and the Association of Regional Center Agencies [ARCA]. Mr. Burton added that he served as the chair of the ARCA Contract Negotiations Committee and will report in more detail on the few changes in the contract at the next board meeting.

M/S/C “The Board moves to ratify the E-Series contract with DDS as presented.” (Whitgob/Kuller) Unanimous

II. Asian Community Mental Health Services [ACMHS]

- This contract represents the case management contract between RCEB and ACMHS for the new fiscal year 2013/2014. Negotiations have not yet been completed.

M/S/C “The Board moves to authorize RCEB to enter into the contract with ACMHS for the fiscal year 2013/2014.”
(Coleman/Treppa) Unanimous

III. La Familia Counseling Service

- This contract represents the case management contract between RCEB and La Familia for the new fiscal year 2013/2014.

M/S/C “The Board moves to authorize RCEB to enter into the contract with La Familia for the fiscal year 2013/2014.”
(Whitgob/Puchac) Unanimous

IV. Cypress Insurance Company

- The law requires RCEB to provide Worker’s Compensation insurance coverage as an Employee Benefit.

M/S/C “The Board moves to authorize RCEB to enter into the contract with Cypress Insurance Company for Worker’s Compensation insurance coverage for the fiscal year 2013/2014.”
(Whitgob/Herbert) Unanimous

BUDGET AND FINANCE COMMITTEE: Mike Kuller

Purchase of Services

- The Regional Centers recently received the D-5 amendment which included additional funding for Purchase of Services for this fiscal year. The D-5 amendment for Regional Center of the East Bay provided over \$11.9M in additional POS funds as well as a small adjustment in funding for our Community Placement Plan efforts. Last month, we reported a mid-range Purchase of Service insufficiency of approximately \$17.5M. With the D-5 budget amendment, our overall Purchase of Services funding has improved significantly. Our **mid-range** POS insufficiency is now approximately \$7.5M.
- In previous budget and finance reports, we had been reporting that the agency had been projecting an estimated additional \$2M in Community Placement Plan Continuation and Deflections funds to be issued in a future amendment. The POS totals in previous financial reports assumed this funding. Due to changes in DDS’s allocation methodology and that we are fast approaching the end of the fiscal year, staff has revised the financial report and this assumption is no longer reflected in this month’s report.

- The Department has stated that they believe there are sufficient funds to cover deficiencies in POS funding for Regional Centers, but they believe the budget is still very tight. DDS asked for a current year deficiency appropriations in the May Revise. Although the D-5 contract amendment was received by the Regional Centers, 20 of the 21 centers are still projecting insufficiencies in their current year POS projections.
- Based on the information we currently have available, we expect to end this year with an insufficiency in Purchase of Services. However, in last month's report, the Department did meet their commitment to fully fund insufficiencies in our POS budget for the prior fiscal year. Although we ended the last fiscal year with a large insufficiency in POS, the Department subsequently issued amendments and our POS for last fiscal year is nearly balanced. We have only a very small remaining projected deficiency totaling approximately \$134,000.
- We project our Fiscal Year 13-14 POS expenditures to continue to remain flat for the remainder of the year. The Department and Regional Centers continue to analyze POS expenditures trends monthly.

Operations

- We have a balanced operations budget for this fiscal year. The agency's priority this year has been to fill all vacant staff positions and to rebuild infrastructure and meet operational obligations, all of which were under supported due to very challenging budgets in the past few years.

Cash Flow status

- Cash flow has been a critical issue for Regional Centers since early March due to partial State reimbursements of our claims. Mr. Burton advised the Board earlier this month that RCEB would begin to access our Line of Credit starting in June 2013. RCEB borrowed \$8M which was the amount we needed to meet all of our financial obligations. The interest cost of borrowing this amount is approximately \$800 per day. We are not alone in this situation as most regional centers reported that they started to borrow against their line in early to mid-June, and some Regional Centers reported they had to start using their line of credit in May.
- We have been working closely with the Department of Developmental Services and last Friday, we received approximately \$5.5M in cash and were advised that additional cash will be forthcoming. Although the receipt of the \$5.5M was extremely helpful, it was not enough to repay all of the \$8M borrowed from the bank. We repaid \$5.5M of the borrowed amount to lower the cost of paying interest but we will still have a balance of \$2.5 of borrowed funds on which we will continue to incur interest expense of approximately \$250/day.
- As was reported earlier, the board's Executive Committee approved the Preliminary "E" contract for Fiscal year 2013-14 and the signed Contract was mailed to DDS immediately in order for the Department to facilitate the cash

advances for Fiscal Year 2013-14. According to our contract, we should receive our 1st cash advance on July 1st; the 2nd cash advance on July 15th, and the 3rd cash advance on July 31st. DDS has been working with the Department of Finance to issue the cash in accordance with this accelerated schedule. If it is on track, we should be able to repay all of our remaining borrowed funds on July 1st and have just enough to meet our obligation going forward without needing to access additional funds from our line of credit. The cash advance should allow us to sustain a positive cash flow for sometime if all claims are paid in full by the State.

We will continue to keep the Board, as well as the Executive Committee, apprised of our cash flow status.

QUESTIONS

Questions were asked and answered accordingly, regarding the borrowing from the line of credit/interest payments.

MEMBERSHIP DEVELOPMENT COMMITTEE: Anne Struthers

- Ms. Anne Struthers stated that there was no report this evening, but did add that we are still seeking new board members.

PROVIDER/VENDOR ADVISORY COMMITTEE: Sister Marygrace

- The last meeting was on June 14th where the topic of discussion was on what important event was happening in their lives. Many people shared information on different graduations that they will be attending.
- The majority of the meeting was Mr. Burton's updates, and an update from Francine Davis on the holiday schedule and the new user-friendly service provider portal.
- The next PVAC meeting will be on Friday, July 12th.

CONSUMER ADVISORY COMMITTEE: Nyron Battles

- Mr. Battles stated that there was no report this evening since the CAC did not meet in May.
- The next CAC meeting will be Monday, July 8th.

EXECUTIVE DIRECTOR'S REPORT: Jim Burton

State Budget

- The legislature completed their work and the budget was submitted on time. The Governor received most of what he had wanted; having the legislature accept lower revenue projections. As a result, there is very little restoration to our budget and looks exactly like the May Revise Budget which was presented to the board last month. There were no new cuts, and the Governor's proposal for the restoration of the 1.25% in payment reduction to service providers and regional centers should be in place on July 1st.

- There was a great deal of effort put forth by many organizations such as the Association of Regional Center Agencies [ARCA], to restore Early Start and to stop some of the cuts that were made to services for infants and toddlers. Although the proposal to restore \$12M in Early Start services went all the way to the Conference Committee, it did not make it into the final budget.

Trailer Bills

- Although there were limited changes to the State budget, there were numerous additional trailer bills. Traditionally, trailer bills were used to implement budget items, but that is not clearly the case anymore. Trailer bills are drafted in private, just days before being presented for votes by the legislature. This practice has been increasingly used over the traditional method of well thought-out and planned bills that have gone through a public hearing. Trailer bills do not take as much time, effort, or approvals to be introduced, but they can have a massive impact.

Provisions in the Trailer Bills

- Lanterman Developmental Center closure date -> December, 2014
The Department and the regional centers did not support having a closure date in the Agnews State Developmental Center Closure; rather our position was to have the closure be when the last resident moves out to a successful placement within the community.
- Regional centers now have a threshold for being able to take care of co-pays or co-insurance for those families whose income falls below the 400% Federal poverty level [ex. \$62K/year for single mother w/2 children].
- The switch in cost for behavioral health therapies for autism changed from State to private health insurance.
- Beginning July 1st, regional centers are no longer allowed to pay health insurance deductibles, which will be a great burden to those few families who opt for cheaper health insurance monthly payments with a high deductible because that is all they can afford.
- Annual Family Program Fee [AFPF] which was scheduled to sunset on June 30th was extended and made permanent. This fee is approximately \$200/year based on income.
- There is a great deal of trailer bill language that will limit the ability for regional centers to place people in locked facilities, and Institutions for Mental Disease [IMD], especially those in the W&I 6500 category; where they are a danger to themselves and others.
- New notice requirements for annual public meetings on the POS Data are included in the Trailer Bill Language [TBL].

QUESTION/ANSWER

Gwen Nash-Butler: In regards to the new budget, will the regional centers receive more money? Also, how is the Medicare situation going to affect us in the purchase of durable medical equipment by designated vendors?

Mr. Burton: The total amount to regional centers increased, particularly in usage, the amount of service being used [which turned out to be greater than what was budgeted],

and due to the sunset of the 1.25 percent payment reduction to service providers and regional centers.

There are many Medi-Cal changes and changes to adult dental funding coming in the Spring. What the Administration usually does is, if Medi-Cal has to provide services through Denti-Cal, they will take money out of our budget and put it to the Medi-Cal budget. On the other hand, if In-Home Support Services [IHSS] cuts in hours, are put in place, those hours require that regional centers pick up the difference; the money will be moved from IHSS to the regional center budget. That is what is supposed to happen at the State level, but it is not always coordinated as well as it could be. The budgets are also very dependent on Federal funds, so the budget does include a lot of back-filling for federal funding cuts, i.e. sequestration. Sequestration cut Federal funding in many areas, and the State did propose to back-fill nearly all of the Federal funds that have been lost from sequestration.

Gwen Nash-Butler: With the budget increasing funds to the community colleges, will it also increase funds to the developmentally disabled?

Mr. Burton: The budget does have an increase to public education, especially K-12, so for those developmentally disabled in the school system should also benefit from the increase.

Nyron Battles: Inquired about the Medicare Competitive Bidding program that will take effect on July 1st and which suppliers can provide the durable medical equipment.

Mr. Burton: Stated that he will have Lisa Kleinbub attend the next CAC meeting in July, to explain all those changes and how it will affect our consumers.

Cash Flow

- Cash flow continues to be an issue, as regional centers including RCEB have had to borrow from their Letter of Credit [LOC].
- As we approached June 13th, we were faced with the prospect of borrowing up to \$24M; however, we did get help from the Department of Developmental Services, the additional \$5.5M from DDS and the 1915(i) State Plan Amendment have all improved our cash flow.
- Mr. Burton added that we have had more cash flow problems this year than we have ever had in the history of RCEB. Mr. Burton continued by acknowledging the hard work of Nancy Kubota, Lop Hou and their staff for keeping us afloat.

Future of the Developmental Centers

- A task force was formed to work on the future of the State developmental centers, headed by Diana Dooley, Agency Secretary of California Health and Human Services [CHHS]. They conducted their first meeting on June 17th which will be followed by three additional meetings.
- Mr. Burton stated that by the end of 2014 without any budget changes, it is anticipated that there will be only 1,200 residents remaining in the State developmental centers. In aging institutions, we are currently spending an average of \$400K/year/person.

Events

- On August 10th at Chabot College, Congreso Familiar will hold its yearly day-long conference to bring education, information and sharing in a way that reflects its value and culture to the participants. The goal is to give Spanish speaking families the opportunity to learn about services and resources to better serve their family members with developmental disabilities.

PUBLIC COMMENTS

- Donald Morris exclaimed that this Friday will be his 13th anniversary of working at the movie theater.
- John Rodriguez from the Contra Costa County Developmental Disabilities Council, thanked those who attended the 24th Annual DDC Awards dinner on June 4th at the Embassy Suites Hotel in Walnut Creek.
- The next meeting of the Council will be after summer on 9/23/13 in Concord.

ARCA REPORT: Anne Struthers

- Fernando Gomez has been elected the new president for ARCA following two years of outstanding leadership by Tresa Olvera from Regional Center of Orange County.

MEETING ADJOURNED

The board meeting adjourned at 9:25 p.m.

M/S/C "The Next Board Meeting will be in San Leandro at 7:00pm on Monday, July 22, 2013 and we will not meet in August." (Kuller/Corral) Unanimous
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Respectfully submitted,

Rose Coleman
Secretary
RCEB Board of Directors