

North Los Angeles County Regional Center
Administrative Affairs Committee Meeting (Via Zoom)

July 29, 2020

Present: Elena Burnett, Leticia Garcia, Lillian Martinez, Marianne Davis, and Ana Quiles—
Committee Members
Kevin Shields – VAC Representative
Ruth Janka, Jennifer Kaiser, Michele Marra, Vini Montague, Kim Rolfes, and
Jesse Weller – Staff Members

Absent: All present

I. Call to Order & Introductions

Ana called the meeting to order at 6:30 p.m.

II. Public Input – There was no public input.

III. Consent Items

A. Approval of Agenda

Item IV.E11. was added to the agenda.

M/S/C (L Garcia/E. Burnett) To approve the agenda as modified.

B. Approval of Minutes from the May 27th Meeting

M/S/C (E. Burnett/L Garcia) To approve the minutes as presented.

IV. Committee Business

A. Annual Committee Orientation

Copies of the committee's policies and procedures were provided and Kim reviewed them with the committee. The policies and procedures are reviewed each year so the committee members understand the purpose of the committee and their role as a committee member.

1. Policies & Procedures
2. Board Audit Section
3. Approved Critical Calendar (Proposed Revisions)
4. Meeting Schedule

B. FY 2019-20 Financial Report

The June 2020 financial report showed that the center's operations budget for FY 2019-20 was \$56,146,244 and the purchase of service (POS) budget was \$500,512,610 for a total budget of \$564,381,914. We are projecting a deficit in our POS budget of -\$7,723,060 (an increase of approximately \$2.9 million since last month's report).

Our administrative operating expenses are 15.11% year to date, which is greater than the 15% cost cap. Kim explained that due to the COVID-19 pandemic, the Center has been incurring increased costs to (i) maintain a healthy works space for our employees, (ii) to comply with new statutes and regulations, and (iii) to support the Center's workforce in working remotely. Many of the expenditures incurred by the Center due to COVID-19, such as increased janitorial expenditures and workspace changes for the wellbeing of our staff, and the use of technology to provide the ability of the Center's staff to work remotely, are required to be expensed as an administrative cost, pursuant to statute. Further because the COVID-19 pandemic occurred during the latter part of FY2019-2020, it did not provide the Center the time needed to adjust the Center's purchases to address this issue. Kim reported that the Center is projecting administrative costs to exceed the administrative cost cap by about \$137,000, which could result in potential overpayment due back to the Department. Kim further shared that historically the Administrative Expenditure Report provided to the committee is based on the gross operating expenditures incurred by the Center, rather than net operating expenditures after applying third party revenue such as interest income. If the Center is authorized to allocate third party revenue(s) to reduce administrative operating expenses, then it will resolve the over 15% administrative cost cap issue. Kim explained that Vini and Kim would be contacting the Department to discuss this proposed resolution and that an update would be provided at the next committee meeting.

1. Change in PEP Report

Due to a timing issue, the June 10th PEP report was not presented to the Board in June 2020. Kim presented the June 10th PEP report to the committee. The Center is projecting a deficit in our POS budget of -\$5,238,171 as of the June 10, 2020 PEP report, which was an increase in the POS deficit by -\$677,427 since last the May 10, 2020 PEP report was presented. The POS deficit increased due to increases in COVID-19 related POS expenditures including Personal Assistance, Supported Living Services, Home Health Agency Services, and Supplemental 1:1 Support Services in Residential Settings, which was offset by an increase in the

projected POS ICF/SPA Revenue. The POS deficit will be resolved by future allocations from the Department of Developmental Services (DDS).

2. Statewide Regional Center POS Expenditure Projection Report:

Vini presented the July 10th Statewide Regional center PEP report to the committee. According to the report, 9 of the 21 regional centers are projecting a potential POS deficit for fiscal year 2019-2020 (including NLACRC), while the remaining 12 regional centers are projecting POS surpluses. NLACRC currently has the largest deficit in the State. Statewide, the regional center system is projecting a POS surplus of approximately \$33.2 million (up by about \$112.2 million since the May 2020 PEP report).

3. Status Report on Credit Line and Cash Flow:

Kim reported that the Center did not need to borrow funds during the month of July 2020 because the FY2020-2021 cash advance(s) were received prior to our scheduled POS check run.

4. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act funding for regional centers and service providers:

Kim reported that the Center plans to submit a request to the Health Resources and Services Administration (HRSA) in order to receive Provider Relief Funding, which can be utilized for COVID-19 related operating expenditures. On July 28, 2020, the application timeline was extended by HRSA from July 20, 2020 to August 3, 2020 due to the low volume of applications.

5. Insurance Dividend from NIAC.

Kim reported that NIAC, the Center’s insurance carrier, informed members that the NIAC’s Board of Directors had declared a dividend. For FY2020-2021, the amount is \$3million for qualifying NIAC members. Dividends will range between \$100 to \$17,071 per member. Unfortunately, due to NLACRC’s claim history, our insurance broker informed the Center, they we will not qualify for the dividend during FY2020-2021. Additionally, Kim reported that NIAC had reported that due to decreased driving during the COVID-19 pandemic, that NIAC

would be returning 20% premium on auto liability policies for March 2020 and April 2020. The Hired & Non Owned Liability for NLACRC is \$1,200 annually or \$100 per month. Therefore, our insurance broker anticipates that NLACRC will received a \$60 refund from NIAC.

6. COVID-19 Expenditure Tracker dated July 24, 2020:

Vini presented the COVID-19 Expenditure Tracker, which reports center's operations and POS expenditures as they relate to COVID-19. DDS has asked that regional centers submit this report to them on a monthly basis. The Center projects to incur \$197,106.76 of operating expenditures and \$19,580,450 of POS expenditures related to COVID-19 during FY 2019-2020. The Center projects to incur \$119,159 of operating expenditures and \$13,011,016 of POS expenditures related to COVID-19 during FY 2020-2021.

C. FY 2020-21 Financial Report

The July 2020 financial report showed that the center's B-Prelim operations budget for FY 2020-21 was \$46,292,339 and the purchase of service (POS) budget was \$415,779,466 for a total budget of \$462,071,805. Kim explained that the B-Prelim budget is for issuing cash advances to regional centers in order for regional centers to have cash to operate the regional center purchase services from service providers. It was also explained that the B-Prelim budget represents about 80% of the Center's total budget. Kim reported that DDS will be issuing an Amendment (B-1) which will increase the Center's budget in early August 2020.

D. Regional Center's Contract with DDS

A copy of the changes made to the contract between NLACRC and DDS was provided to the committee. Kim reviewed the contractual changes with the committee. The changes to the contract reviewed were as follows:

1. Article I, Section 19, Transparency and Access to Public Information
2. Article I, Section 29, Procedures for Employee Retention
3. Article II, Section 2, Allocation of Funding to Contractor
4. Article V, Section 3, State Audits of Contractor
5. Article VII, Section 9, Executive Director Recruitment Policy
6. Article VII, Section 10, Reporting on Specified Consumers

7. Article VII, Section 11, Board Training Plan
8. Article IX, Section 2, Caseload Ratios

E. Approval of Contracts

1. Addendum No.2 to Master Loan and Security Agreement

M/S/C (A. Quiles/E. Burnett) To recommend to the Executive Committee on behalf of the Board of Trustees to approve the contract listed above under #1, as presented.

2. Abdolsalehi – PL1944-785 (new)

M/S/C (E. Burnett/L. Garcia) To recommend to the Executive Committee on behalf of the Board of Trustees to approve the contracts listed above under #2, as presented.

3. Access One – PL1950-062 (new)
4. Access One – HL0919-862 (new)

M/S/C (E. Burnett/L. Garcia; Abst: L. Martinez, A. Quiles) To recommend to the Board of Trustees to approve contracts listed above under #3 and #4, as presented.

5. Stephanie Argueta dba Assurance Family Services: PL1973-055 (new/Question about Program Design) – Deferred

The contract was deferred and will be presented to the Board of Trustees to authorize because additional information was needed regarding the service provider's services.

6. CPES – PL1876-109
7. CPES – PL1865-113

M/S/C (E. Burnett/M. Davis) To recommend to the Executive Committee on behalf of the Board of Trustees to approve the contracts listed above under #6 and #7, as presented.

8. Pathpoint: PL1901-055

M/S/C (E. Burnett/L. Martinez) To recommend to the Board of Trustees to approve contracts listed above #8 as presented.

9. Master Board Resolution: COVID-19 Related New Contracts
10. Master Board Resolution: COVID-19 Additional of Subcodes

M/S/C (E. Burnett/L. Garcia) To recommend to the Executive Committee on behalf of the Board of Trustees to approve the contracts listed above under #9 and #10 as presented.

11. City National Rewards Program

M/S/C (E. Burnett/M. Davis) To recommend to the Board of Trustees to approve contracts listed above under #11 as presented.

F. Executed Contracts by NLACRC

1. Health & Safety Exemptions:
The report showed that a total of 3 contracts or amendments were executed since the last committee meeting
2. POS New Contracts due to COVID-19:
The report showed that a total of 22 contracts or amendments were executed since the last committee meeting
3. Service Provider Payment Reductions (Expired/Sunset):
Kim reported that the Board of Trustees had authorized the Center to enter into contracts with service providers when it was related to the service provider payment reductions originally proposed in the May Revise for FY 2020-2021. The FY2020-2021 enacted budget does not include any of the service provider payment reductions. Therefore, the Center will not be implementing the board resolution authorized by the Board of Trustees
4. AV Relocation Contracts:
The report showed that a total of 4 contracts or amendments were executed since the Board of Trustee's Meeting in June 2020.
5. IT Contracts:
The report showed that a total of 3 contracts or amendments were executed since the Board of Trustee's Meeting in June 2020
6. MLC Management Consulting, Inc. dba MLC & Associates, Inc.:
Kim reported that under our contract with DDS, the Center must have a business continuity plan. Prior to the COVID-19 pandemic, NLACRC

had contracted with MLC Management Consulting to develop a plan for the Center’s use. However, due to the COVID-19 pandemic, the Center placed a hold on the contract with MLC Management Consulting. The Center has extended the contract period from June 30, 2020 through June 30, 2021 and will be working with MLC Management Consulting over the next fiscal year to complete this project.

G. Intermediate Care Facility (ICF) State Plan Amendment (SPA) Summary

Vini provided the committee the ICF/SPA Billing Summary and the ICF/SPA Outstanding Receivables report, dated July 23, 2020) and review both reports with the committee. By fiscal year, the amount of cash disbursed by NLACRC that has not been reimbursed to NLACRC by ICF service providers is:

1. FY 2019-20: \$3,848,691.51
2. FY 2018-19: 44,209.41
 \$3,835,339.75

The total amount is \$752,400.88 **more** than what was reported in the report dated May 20, 2020

H. Human Resources Report

1. Monthly Report: Michele provided the committee with copies of the summary and reviewed it with the committee. The summary included the following information:

FY 2019-20 authorized positions	566
Open positions on hold	-1
Open positions vacant	-41
Separations	-5
Sub-total	519
New hires	+2
Positions filled	521

2. FY2019-20 End of Year Report: During the 4th quarter of FY2019-2020, The Center had 1 position on hold, 64 new hires, 18 promotions, and 64 separations. During FY2018-2019, the Center had 1 position on hold, 20 new hires, 11 promotions, and 13 separations.

3. Update on Union Contract

NLACRC began our union negotiations on February 22, 2019 and reached an agreement in December 2019. Typically after negotiations are completed, it does take time to review the agreement and secure all signatures. Because of COVID-19 in part, we finally received the complete collective bargaining agreement (CBA) from SEIU 721, therefore we will be sharing the finalized CBA with all employees. Additionally, on July 30, 2020 I will begin to provide training for HR and Payroll on the new CBA.

I. Audit Updates

1. Worker's Compensation Annual Audit:

Kim reported that the audit of our FY 2019-2020 payroll, as it relates to the Center's worker's compensation insurance, had been scheduled. The purpose of the audit is to reconcile the projected payroll used to calculate the premium for FY 2019-2020 with actual payroll expenses during FY2019-2020 to determine whether a refund or an additional payment is due to/due from the Center.

2. DDS programmatic review of the HCBS Waiver, TCM and Nursing Home Reform programs, and 1915(i) State Plan Amendment:

On July 10, 2020, DDS notified the Center of its intent to conduct a programmatic review of the Home and Community-Based Services (HCBS) Waiver, Targeted Case Management (TCM) and Nursing Home Reform (NHR) programs, and the 1915(i) State Plan Amendment (SPA). The DDS programmatic audit of these federally-funded services occurs biennially and the committee will be provided the outcome of the audit once the Center receives the report from DDS.

3. Windes Annual Financial Audit:

Kim provided the committee with a copy of the Windes Engagement Letter for FY2019-2020 that will be executed by both Elena and Kim. Kim reported that the annual financial audit for FY 2019-2020 has been scheduled with Windes in October 2020. Kim explained that the Center has a five-year contract with Windes and the audit provided by Windes for FY 2020-2021 will be the last year that the Center will be utilizing Windes because statute requires the Center to change CPA firms every 5 years.

Kim shared that during July of next year, the committee will begin the process to conduct a RFP to select a new CPA firm.

4. CA Disability Rights Audit of Social Security Benefits:

Kim reported that NLACRC was recently audited by CA Disability Rights of the trust accounts for which NLACRC is the representative payee of consumer SSI and/or SSA benefits. CA Disability Rights reviewed (i) NLACRC's records maintenance practices; (2) overpayments due to the Social Security Administration; and (3) trust accounts over \$2,000. NLACRC was informed, verbally, there were no findings identified. Cal Disability Rights will submit their report to the Social Security Administration for final review and once the Social Security Administration completes their review, NLACRC will receive a letter stating the audit is closed. This process could take up to 6 months before the closing letter is received. Going forward, NLACRC will be audited by CA Disability Rights every 3 years.

J. AV Office Relocation Update

1. Scheduled date of relocation is Friday, September 18, 2020

Kim reported that the relocation to our new AV office is scheduled for Friday, September 18, 2020 and it is anticipated that the new AV office will be ready for occupancy by staff on September 21, 2020

2. Auction of Furnishings:

Kim reported that the Department of General Services (DGS) requires the Center to auction the furnishings in the existing Antelope Valley office before the Center may dispose of the furnishings. The Center has been working closely with DDS to auction the furnishings and currently the Center's furnishings have been posted on govdeals.com at the following hyperlink:

<https://www.govdeals.com/index.cfm?fa=Main.Item&itemid=2&acctid=12406>.

The opening bid has been established at \$50.00 and the auction will be posted for 10 days, starting on July 29, 2020. After which time, if the furnishings are not sold during the auction, the Center anticipates that we will be provided approval by DGS to dispose of the furnishings.

V. Items for the Next Board Meeting

The following items were identified for the committee's section of the August 12th board

meeting agenda:

- A. Minutes of the July 29th Meeting
- B. FY 2019-20 Financial Report
- C. FY 2020-21 Financial Report
- D. Regional Center's Contract with DDS
- E. Approval of Contracts
 - 1. Access One - PL1950-062
 - 2. Access One - HL0919-862
 - 3. Pathpoint - PL1901-055
 - 4. City National Rewards Program
- F. Monthly Human Resources Report
- G. Quarterly Human Resources Report

VI. Announcements/Information/Public Input

- A. Next Meeting: Wednesday, August 26th, at 6:00 p.m.

VII. Executive Session

M/S/C (A. Quiles/L. Garcia) To go into executive session at 8:15 p.m.

- A. Lease
- B. Legal

VIII. Adjournment

Ana adjourned the meeting at 8:50 p.m.

Submitted by,

Jennifer Kaiser

Jennifer Kaiser
Executive Assistant

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