A regular meeting of the Northampton County Council was held on the above date with the following present: Ron Angle, President; John Cusick, Vice President; Thomas H. Dietrich; J. Michael Dowd; Margaret L. Ferraro; Bruce A. Gilbert; Lamont G. McClure, Jr.; Ann McHale; Barbara A. Thierry; Philip D. Lauer, Solicitor to Council, and Frank E. Flisser, Clerk to Council.

Prayer

Pastor Blake Heffner, St. John’s United Church of Christ, Williams Township, led County Council in prayer to open the meeting.

Pledge of Allegiance

Mr. Jordan led County Council in the pledge of allegiance.

Approval of the Minutes

Mrs. McHale made the following motion:

Be It Moved By the Northampton County Council that the minutes of the July 15, 2010 meeting shall be approved.

Mrs. Thierry seconded the motion.

The minutes were approved by voice acclamation.

County Executive’s Report

Mr. John Stoffa, County Executive, stated he did not have a report this evening.

Public Hearing on the Ordinance Authorizing the Leasing of Office Space by the County of Northampton

Mr. Angle advised Mr. Gilbert and Mrs. Thierry introduced
the following ordinance at the July 15, 2010 meeting:

AN ORDINANCE PROVIDING FOR THE RENEWAL OF 
THE LEASE FOR DISTRICT COURT 3-3-02, LOCATED 
AT 31C WEST FIRST STREET, WIND GAP, PA

WHEREAS, Northampton County Home Rule Charter Section 602 (a)(6)provides that the Northampton County Council shall enact an ordinance for any act which conveys, leases, purchases or authorizes the conveyance, lease or purchase of any real property of the County; and

WHEREAS, the County of Northampton has requested to renew the Lease Agreement with Joseph DePue for the property located at 31C West First Street, Wind Gap, PA, County of Northampton for the operation of a District Court of the Minor Judiciary of the Commonwealth of Pennsylvania and all related functions.

NOW, THEREFORE, BE IT HEREBY ORDAINED AND ENACTED by the Northampton County Council that it does hereby agree to renew the lease of said property, for the sum of Two Thousand Four Hundred Seventy Five Dollars($2,475.00), from Joseph DePue, located at 31C West First Street, Wind Gap, PA, County of Northampton, in accordance with the Lease Agreement which is attached hereto and made a part hereof as Exhibit “A”.

Mr. Dowd made a motion to amend the ordinance to include the words “per month” after the sum.

Mr. Angle seconded the motion.

As there were no questions or comments, Mr. Angle called for the vote on the following amended ordinance:

AN ORDINANCE PROVIDING FOR THE RENEWAL OF 
THE LEASE FOR DISTRICT COURT 3-3-02, LOCATED 
AT 31C WEST FIRST STREET, WIND GAP, PA

WHEREAS, Northampton County Home Rule Charter Section 602 (a)(6)provides that the Northampton County Council shall enact an ordinance for any act which conveys, leases, purchases or authorizes the conveyance, lease or purchase of any real property of the County; and
WHEREAS, the County of Northampton has requested to renew the Lease Agreement with Joseph DePue for the property located at 31C West First Street, Wind Gap, PA, County of Northampton for the operation of a District Court of the Minor Judiciary of the Commonwealth of Pennsylvania and all related functions.

NOW, THEREFORE, BE IT HEREBY ORDAINED AND ENACTED by the Northampton County Council that it does hereby agree to renew the lease of said property, for the sum of Two Thousand Four Hundred Seventy Five Dollars ($2,475.00) per month, from Joseph DePue, located at 31C West First Street, Wind Gap, PA, County of Northampton, in accordance with the Lease Agreement which is attached hereto and made a part hereof as Exhibit “A”.


The ordinance was adopted by a vote of 8-1.

Consideration of the Ordinance Titled, “AN ORDINANCE PROVIDING FOR AN AMENDMENT TO THE NORTHAMPTON COUNTY HOME RULE CHARTER, ARTICLE I ELECTED OFFICIALS, SECTION 104. GENERAL PROHIBITIONS”

Mr. Angle stated this ordinance was introduced by Messrs. Cusick and Dietrich at the June 17, 2010 meeting. He further stated after the public hearing, the ordinance was tabled.

AN ORDINANCE PROVIDING FOR AN AMENDMENT TO THE NORTHAMPTON COUNTY HOME RULE CHARTER, ARTICLE I ELECTED OFFICIALS, SECTION 104. GENERAL PROHIBITIONS

BE IT HEREBY ORDAINED AND ENACTED by the Northampton County Council that:

SECTION I - PROPOSED AMENDMENT TO THE NORTHAMPTON COUNTY HOME RULE CHARTER

A. A proposed amendment to the Northampton County Home Rule Charter shall be prepared for presentation as a referendum question at the November 2, 2010 General Election, said referendum question shall be prepared and acted upon in
accordance with the Northampton County Home Rule Charter, Article XI, and all applicable laws of the Commonwealth of Pennsylvania.

B. The proposed question is:

“Shall the electorate of Northampton County approve a change in the Northampton County Home Rule Charter, ARTICLE I, Section 104. General Prohibitions, so that it reads as follows:

**Section 104. General Prohibitions**

(a) During his term of office no elected official shall hold any other elective public office.

(b) During his term of office no elected official shall hold other employment with the County for which he receives compensation.

(c) During his term of office no elected official, except any member of the County Council, shall serve as an official, other than as a candidate of a political party.”

**SECTION II - EFFECTIVE DATE**

A. This ordinance shall become effective thirty days after the date of enactment.

Mr. Angle asked if there was a motion to remove this ordinance from the table.

Mr. Cusick advised in the light of the large audience present, he would like to defer this matter to the next meeting.

Consideration of a Resolution Approving the FY 2010 Community Development Block Grant Annual Action Plan for the County of Northampton

Mr. Dowd introduced the following resolution:
R.69-2010

A RESOLUTION APPROVING THE FY 2010 COMMUNITY DEVELOPMENT BLOCK GRANT ANNUAL ACTION PLAN FOR THE COUNTY OF NORTHAMPTON

WHEREAS, the County of Northampton has prepared an Annual Action Plan for the County covering the period October 1, 2010 to September 30, 2011; and

WHEREAS, the purpose of the Annual Action Plan is to identify housing and community development needs and to develop specific goals and objectives to address those needs over a one-year period, and is a requirement of the United States Department of Housing and Urban Development which the County must meet in order for the County to receive Federal housing and community development funds; and

WHEREAS, the County of Northampton has prepared an Annual Action Plan for Fiscal Year 2010 (FY 2010) which includes the funding application for the Community Development Block Grant Program, said application having been duly reviewed and considered, together with supporting documentation which took into account blight in the community, needs of low and moderate income families, environmental factors, fiscal considerations, and the maintenance of local effort in community development activities.

NOW, THEREFORE, BE IT RESOLVED by the Council of the County of Northampton:

1. That the FY 2010 Annual Action Plan for FY 2010 Community Development Block Grant funding is hereby in all respects approved. The County Executive is hereby directed to file a copy of said application with the minutes of this meeting.

2. That it is cognizant of the conditions that are imposed in the undertaking and carrying out of community development activities with Federal financial assistance.

3. That the County Executive of the County of Northampton is authorized to execute and file the application for financial assistance for such amounts as the United States
Department of Housing and Urban Development is willing to make available to carry out the Community Development Program.

4. That the County Executive of the County of Northampton is hereby authorized to provide such assurances and/or certifications as required by the United States Department of Housing and Urban Development, and also any additional or revised data which may be requested during the review of said applications.

As there were no questions or comments, Mr. Angle called for the vote.


The resolution was adopted by a vote of 9-0.

Discussion and Review of the Gracedale Report

Mr. Angle asked Mr. Stoffa if he would like to comment regarding the Gracedale Study.

Mr. Stoffa stated a study was done by Complete HealthCare Resources at a cost of $18,000 and two of their representatives were present to discuss it.

Mr. Ed Balliet, Regional Vice President, Complete HealthCare Resources, advised his firm was asked to do an assessment of the Gracedale Nursing Home looking at several different factors. He then delivered a power point presentation (see Attachment #1).

Mr. Balliet reviewed his company’s qualifications, indicating they had 21 years of proven performance and more than 30 years of industry experience.

Mr. Balliet stated some of things they were asked to explore consisted of looking at ways to increase revenue and
decrease expenses, partnering with neighboring counties, scaling back the size, closing it over a number of years, leasing it or selling it.

Mr. Balliet went over some of the key issues at Gracedale that were causing it to run at a deficit, which included high fringe benefit costs, declining census, excessive staff and extensive capital improvement costs. He then reviewed the declining census and excessive staffing and provided some recommendations.

Mr. Balliet advised their findings showed there was a need for Gracedale and would not recommend reducing the size of the facility. He further advised they would not recommend closing the facility as there were not enough facilities in the area to take the current residents. However, they would recommend modifying services to increase revenues and reduce operating costs or to either sell or lease the facility.

Mr. Balliet then turned the presentation over to Mr. Todd Wagner, Vice President of Financial Management and Business Development.

Mr. Wagner stated the personnel at Gracedale provided them with benefit information they had prepared for the 2011 budget and it indicated there would be an increase in benefits of approximately $4.6 million. He further stated based on that and other information, they prepared a proforma analysis, which showed there was a potential $1.8 million loss for 2011.

Mr. Wagner advised even with the operational changes they were recommending and a County contribution, Gracedale would not be able to break even. He further advised the second part of their study had to do with alternative ownership options and it came down to either leasing or selling Gracedale.

Mr. Wagner stated there was no legal obligation for the County to operate a nursing home, but it did have to take care of its indigent, noting most of whom would qualify for Medicaid. He further stated Counties were allowed to contract with third parties to provide care to the truly indigent.

Mr. Wagner advised there were 29 Counties with a nursing home and 38 did not have one, however, of the 38, 21 formerly
Mr. Wagner reviewed some of the key options for keeping, leasing or selling Gracedale.

Mr. Wagner stated the process took approximately eight weeks and during that time, they found the staff to be very open and were aware of the emotions involved. He further stated they wanted to thank everyone for the cooperation they received.

In answer to Mr. Gilbert’s question as to how the figures for their proforma analysis were determined, Mr. Wagner advised for the revenue, he used the 2009 year rates, therefore, he also had to inflate the operating expenses to get them into the baseline; for wages, he used a 4.5% rate increase and for most of the other operating expenses, he used 2%; for some of the other operating expenses, he increased it based on changes in Medicare.

In response to Mr. Gilbert’s question as to what it would be in ten years, Mr. Angle stated he believed the report indicated $6 million a year.

In answer to Mr. Dowd’s question as to what he believed contributed to the low capture rate, Mr. Balliet advised the capture rate was based on several different things. He further advised the one area they focused on was timeliness, which was the time between the initial referral was made and the time the discharge planner or the family was notified a person was approved. He noted if there was an efficient system, an approval could be made within a minute.

In response to Mr. Dowd’s question as to what took place during that minute, Mr. Balliet stated a person was usually referred to two or three different facilities and the first one to respond was usually where the person went.

In answer to Mr. Gilbert’s question as to whether there had ever been an incident where a truly indigent person was not taken care of, Mr. Balliet advised his firm had never found such an incident because under the Medicaid/Medicare system, a bed
would be made available.

In response to Mr. McClure’s question as to whether they based all their assumptions on the 2009 figures, Mr. Balliet replied that was correct.

Mr. McClure asked if they were aware that in three of the last five years, Gracedale made money and, in fact, returned money to the County’s General Fund. Therefore, he wondered why they chose that year because it was the year in which the largest County contribution was made.

Mr. Balliet stated they chose 2009 because it provided the most recent financial and operational information.

When Mr. McClure commented the issues in their Declining Census appeared to be management problems, Mr. Balliet advised the issues were the operational issues at the facility at this time. He further advised they also made recommendations that could correct these issues either with the current management or other management chosen by the County.

When Mr. McClure asked Mr. Balliet if he agreed the same could apply to the issue of excessive staffing even though there were labor contracts in place, Mr. Balliet agreed.

When Mr. McClure asked Mr. Balliet if he thought this was an independent evaluation, Mr. Balliet indicated he did. He then asked what potential bias would enter into the report after each member of County Council was called and asked if they would prefer to keep, lease or sell Gracedale.

Mr. Balliet stated they felt there was no bias because as part of the study, they were asked to contact the members of County Council to ascertain what their thoughts were and they had individuals who were not working on the report make the calls.

Mrs. McHale advised a report was done a few years ago by a company called Zimmet and there were a lot of recommendations made at that time, but obviously were not implemented. She further advised she questioned some of the numbers in the
benefit package because he indicated they received them from the Administration at Gracedale and the Departments of Human Resources and Fiscal Affairs always handled them.

Mrs. McHale stated from 2005 until 2009, Gracedale paid back to the County $4.82 million. She further stated a report should not be based on one year because you have to look at the history behind it. She also questioned the report because she received a call asking how she was going to vote and she told the person that she would not answer because it was in violation of the Sunshine Law to contact each and every County Council member for their vote.

When Mr. Balliet answered Mr. Dietrich’s question by stating his company was nursing home consultants, managers and owners, Mr. Dietrich commented that part of their business was leasing and buying nursing homes.

In answer to Mr. Angle’s question as to whether the County had made any arrangements for his company to buy or lease Gracedale, Mr. Balliet replied it had not.

In response to Mr. McClure’s statement that he thought between 2005 and 2009, Gracedale had returned approximately $9 million to the County, Mrs. McHale agreed that could be the case.

Mrs. Thierry advised that was in the past and now it was spiraling in the opposite direction, therefore, she wondered why that occurred.

Mr. Balliet stated one of the major changes in the past year were the reimbursements the County received from the State and Federal governments had decreased and it did not appear as that it was going to change any time in the near future.

Mr. Angle asked if he would be correct in stating that 21 of the 67 Counties had, in recent years, gone out of the nursing home business, Mr. Balliet advised that was correct.

In answer to Mr. Angle’s question as to what it was going to take in next year’s budget to run Gracedale, Mr. Stoffa replied $6,067,000.
In response to Mr. Angle’s question as to whether he saw any way to reduce that to zero dollars, Mr. Balliet stated he did not.

In answer to Mr. Angle’s question as to whether he had any knowledge of anyone from a nursing home in the State of Pennsylvania being turned away because they were indigent, Mr. Balliet advised he could not speak for private and non-private nursing homes, but he was not aware of anyone unable to get care.

In response to Mr. Angle’s question as to whether he had seen when a nursing home was sold that most of the employees and patients remained, Mr. Balliet stated from what they had seen, all the residents remained and the majority of the employees were retained.

In answer to Mr. Angle’s question as to whether he knew of any case wherein a County sold their nursing home that there was a binding agreement that guaranteed the patients received the same level of care, Mr. Balliet advised he had not seen any binding agreements regarding care, but he had seen ones that addressed the indigent and Medicaid services. He added a clause could be placed in an agreement that the indigent would be accepted without exception.

When Mr. Gilbert asked if the excess staffing issue was addressed, Gracedale could recoup approximately $2.4 million, Mr. Wagner stated that was correct.

In response to Mr. Gilbert’s question as to whether it would be safe to say that Gracedale could recoup an additional $1 million if it was operating at full capacity, Mr. Wagner agreed it was possible.

Mr. Gilbert commented that even if Gracedale was operating effectively, it would still be running at approximately a $3 million deficit and the disparity would continue to grow if the inflationary rates continued at the same rates.

Mrs. McHale advised she wanted everyone to remember that some of the beds were not filled due to a one-time renovation.
Therefore, now that the renovations were completed, Gracedale could begin to market them. She further advised a one time sale was not going to solve the County’s budgetary problems.

Mr. Angle stated if Gracedale was sold tomorrow morning, the County would save $6.5 million in next year’s budget over and above the sale.

Mrs. McHale commented and if the County needed more money what was it going to sell next, the Wolf Building.

**Courtesy of the Floor**

Mr. Jerry Green, Bethlehem, PA - advised he was President of Local 2599 Steel Workers Union, who represented the Registered Nurses and Social Workers at the Gracedale facility. He further advised 11 out of 14 years, this facility had been profitable and instead of putting the money in the County’s General Fund, it should have been put in a rainy day fund for Gracedale. He noted a decision to sell or lease Gracedale should not be made hastily because he believed a few years down the road, the County would come to regret it. He added he believed a decision like this should be left to the taxpayers and put on the ballot for the November election.

Mr. Green stated he agreed with the report in that some changes could and should be made to improve the operation at Gracedale. He further stated if Gracedale was to be sold or leased, he hoped County Council would make a commitment to recognize the contracts of the union.

Mr. Ronald Heckman, Bethlehem, PA - advised Gracedale was not just a facility to the residents, it was their home. He further advised there was a law that prevented a nursing home from throwing someone out once they were there, but there was no law that forced a nursing home to accept a Medicaid patient.

Mr. Heckman stated he was Chairman of the Human Services Committee while he served on County Council, a former Director of Human Services, served on the Human Services Committee of the County Commissioners Association of Pennsylvania and a Facility Manager for Kidspeace. He further stated he had a very deep interest in Gracedale and in the area of Human Services, there
were all kinds of ways to crunch the numbers.

Mr. Heckman advised he saw selling, leasing or private management not that far apart. He further advised selling would provide a quick financial situation, however, his concern with leasing, even with provisions, was what recourse would the County have if the company did not live up to its promises.

Mr. Heckman stated he read the report and he could not argue with some of the numbers, but he did not agree with some of its premises. He further stated the report did make an important point which was, “In the past, Gracedale has engaged various consultants on a piece-meal basis. While Gracedale has achieved good survey and clinical results, the use of consultants has not resulted in proven measurable results for Gracedale to become an operationally-efficient and financially-sound business”. He noted the reason for that was that every time the Administration changed, it ignored what the previous consultants recommended. He further noted the work of the consultants were not piece-meal, but the operation was.

Mr. Heckman advised he did not think selling or leasing was the answer, but private management should be considered because the other options could always be exercised at a later date. However, if this was only about money, then there was only one option and that was to sell it.

In conclusion, Mr. Heckman stated he did believe the County had core functions and Gracedale was one of them. He further stated he felt if private management was properly implemented and allowed to do their job, it would be a positive action and if it did not work, Gracedale could be sold or leased at that time.

Ms. Ellen Redline Weiss, Nazareth, PA - advised she had been a County employee at Gracedale since 1977. She further advised she had dedicated her whole life to the County and Gracedale and this was absolutely killing her. She noted the residents at Gracedale were like family and they meant so much to the people who worked there.

With regard to the finances, she agreed that right now Gracedale was costing money, but for decades it was the money maker for the County. She questioned why the repairs and renovations at Gracedale were left to deteriorate and not kept
Mr. Donald Flyte, Palmer Township, PA - stated he was here to plea for County Council to consider what Gracedale meant to the citizens of Northampton County, as well as to the residents and employees. He further stated before selling or leasing Gracedale, he would like County Council to consider that residents at Gracedale received better care than then would at any other nursing home. He noted he would also like County Council to consider what effect the closing of Gracedale would have on the County’s pension plan. He further noted Gracedale was a great asset to the elderly people who made this County.

Ms. Wanda Serfass, 418 2nd Avenue, Bethlehem, PA - advised she was a Gracedale employee and her mother had been in several nursing homes and there was no comparison to the care the residents at Gracedale receive. She then asked that Gracedale not be sold.

Mr. Charles Dertinger, 8541 Delaware Drive, Washington Township, PA - stated he believed there were ways to turn the situation at Gracedale around. He further stated the core function of government was to do for the people what they could not do for themselves. He noted there was no comparison to the care given at Gracedale.

Mr. Dertinger agreed that right now Gracedale was a poor asset for the County, but once sold, it was gone forever. He also agreed that it was the management at Gracedale that was the problem, not the care, the employees or the declining census.

Mr. Dertinger advised if selling or leasing Gracedale was a good idea now, it would be a good idea in years to come so there was no reason to rush to a decision. He further advised the approach to the study should have been how could Gracedale be profitable and then the answers would have been clearer.

Mr. Justus James, Representative, American Federation of State, County and Municipal Employees - stated the employees at Gracedale would do anything for its residents and he felt it was
unfortunate that it came down to money. He further stated County Council should consider the ripple effect for the County if Gracedale were to be sold or leased.

Mr. Chris Dawson, 304 West Broadway, Jim Thorpe, PA - advised he had been employed at Gracedale for 27 years. He further advised that his mother was in Manor Care and the quality of care she received was nothing compared to what the residents of Gracedale received. He then asked for County Council not to sell or privatize Gracedale.

Ms. Marilyn Snuggs, 954 Engler Road, Nazareth, PA - stated five of her family members went through Gracedale and received excellent care. She further stated the last family member went to a private nursing home and the care they received was not as good. She noted she understood that the County was trying to save the taxpayers money, but the little more she would save did not justify the sale or lease of Gracedale.

Mr. William Murphy, 338 Paxinosa Road, West Easton, PA - advised his mother, who just turned 100, was in Gracedale and she asked that he come tonight. He further advised up until recently she was in another nursing home, but when she broke her hip and was to return to that nursing home, they would not take her back. He noted that his mother was a Registered Nurse and she always said the residents at Gracedale got the best care. He further noted he was a retired consultant and numbers could say anything you want them to.

Mr. Murphy stated the County had to come up with some good solutions to keep Gracedale because it was a jewel that made Northampton County unique.

Ms. Jackie Heron (ph) - advised she was a Registered Nurse at Gracedale, noting she started out as a student nurse and had been there now for 18 years and drove 90 miles a day.

Ms. Heron stated she made a list of the overspending that she had seen personally. She further stated she did not think anyone oversaw the spending at Gracedale. She noted if she could get a committee of employees together, they could come up
with a substantial amount of savings.

Ms. Heron advised there was no management at Gracedale, noting she had never seen a place where managers received an hourly rate because they mostly received a salary with incentives. She agreed Gracedale needed management, but she would like the County to give the employees a chance to come up with a plan.

In answer to Mr. McClure’s question if she would describe management care in the last four years as being negligent, Ms. Heron stated Gracedale just started, and was probably the last facility in the State, to do IV Therapy. She further stated different types of therapy could bring a lot of money into Gracedale.

Mr. Hector Rivera, 256 West 26th Street, Northampton, PA - stated he had been employed by the County for 21 years and President of AFSCME Local 1435. He further stated he believed that some of the County officials already had their minds made up to sell Gracedale before the consultant’s report was even completed.

Mr. Rivera advised the selling or leasing of Gracedale was going to have a drastic affect not only on the employees, but most importantly on the residents. He further advised the report indicated that Gracedale was overstaffed, but there were many residents at Gracedale who required a lot of skilled care.

Mr. Rivera stated that the County should bring in a management firm to help run Gracedale. He further stated the County should also look into lowering the overhead. He indicated a lease or sale of Gracedale would cut salaries, overtime and benefits, noting the reason a lot of employees stayed at Gracedale for so long was because of the benefits. He further indicated the County had to look at how this was not only going to affect the lives of so many dedicated employees, but most important, how it was going to affect the care of the residents.

Mr. Rivera advised the County had to look at other options. He further advised the County took tax dollars for a prison addition and a Courthouse, but there were no tax dollars for a place to take care of the elderly.
Ms. Paulette Brown, 209 Oak Street, Nazareth, PA - stated she was an employee at Gracedale for 15 years and it was upsetting to think the only options available were either to sell or lease. She further stated her family counted on her paycheck and if Gracedale were to be sold, that was all going to change and to find a job in this economy was going to be difficult. She noted Gracedale had been making changes and she felt by only looking at last year, Gracedale was set up to fail. She then asked County Council not to rush a decision.

Mr. Angle advised he understood everyone was worried about their jobs, but he also had to worry about approximately 300,000 people, noting 129 people lost their homes in July. He further advised the County was looking at a 20% tax increase next year which was going to affect the elderly women or men who were trying to hold onto their homes. He noted the County was already taking steps to offset that, but Gracedale was a money pit for the County right now.

When Ms. Brown commented when the casino was built, it was going to provide a tax break and wondered what happened to it, Mr. Angle stated everyone received a tax break last year.

Mr. Mario Martinez, 2555 Chestnut Lane, Easton, PA - advised he represented The Coalition of Alzheimer Patients, who were family members of residents at Gracedale. He further advised he was embarrassed that the County paid $18,000 for this study and that they called each Council member to ask what they wanted the report to say.

Mr. Martinez stated it appeared that everyone agreed that management at Gracedale had been an issue for many years so he questioned why it was not fixed. He further stated 95% of the employees at Gracedale were excellent, but when management does not deal with the 5% there was a problem. He noted the management at Gracedale was a reflection of County Council.

Mr. Martinez advised that County Council should keep an open heart and know that ultimately their decision was going to impact the wealth and health of many residents.

Ms. Pamela Boyle, 530 North Circle, Bethlehem, PA - stated she had been an employee at Gracedale for 31 years and she had seen a lot of changes over the years. She further stated
Gracedale had a lot of things that needed repair, but the profit they made was used for renovations at the Prison and the Courthouse. She noted government worried about so many things, but not the elderly who worked all their lives. She further noted they should come down and see what the employees do because they take care of the basic needs of human beings.

Ms. Wendy Bonstein - advised she had been at Gracedale since 1972. She further advised her father was not admitted to Gracedale because of his insurance which upset her because she knew the kind of care her father would have gotten there. She then asked County Council to consider keeping Gracedale because it was an excellent facility.

Ms. Susan Nadberazny, 521 East Dannersville Road, Bath, PA stated she has been employed by Gracedale for 13 years and the care the residents received was the best. She asked how could the future lives of the people and residents at Gracedale be determined by a study that only took into consideration the year 2009, which was Gracedale’s most expensive year.

Mr. Angle advised he realized this was the opinion of one company at a certain point in time so he asked Mr. Stoffa to give him an opinion by another firm. He further advised Eckert Seamans, who was one of the largest law firms that specialized in nursing home facilities, forecasted that over the next ten years, Gracedale would cost the County $60 million.

Mr. Angle stated it was the State legislators who went from subsidizing Gracedale at 3½% to less than 1%, leaving the taxpayers of the County to make it up. He further stated it was not the past that was the issue, it was the future projections that it would cost $6 million a year, which was a 20% tax increase.

Ms. Nadberazny asked how did anyone know for sure that Gracedale would not bounce back and begin making a profit again.

Mr. Angle advised both organizations came back with the same results and Gracedale’s biggest problem was the cost of labor. He further advised in 2008, the County’s contribution to retirement was $192,000 and in 2011, it was projected to be $3.6 million. He noted there were some functions that a County was
mandated to do and running a nursing home was not one of them.

Mr. Angle stated that it was the general consensus that Gracedale was mismanaged. He stated he then wondered how the County could sell Gracedale for $31 million if it was losing $6.5 million a year and the answer was that the County’s overhead would not be their overhead. As far as employees and the level of care, he noted that in Carbon County most of the employees were still intact.

Mr. Angle advised in 2012, the County had a $14 million bill coming due for the Swaption and how much more could be put on the senior citizens to pay in taxes.

Ms. Nadberazny stated she understood that was a very big problem, but selling Gracedale was not going to help the aging one bit and $31 million was only a drop in the budget.

Mr. Angle stated the issue was not the selling of Gracedale, it was the elimination of a $6.5 million out of the budget every year for the next ten years or more.

When Ms. Nadberazny asked if it all came down to money, Mr. Angle replied he had to weigh the selling of a great institution against placing a 20% tax increase on the citizens who could not afford it.

In answer to Ms. Nadberazny’s comment to put the issue on the ballot, Mr. Angle advised he thought of that, but it did not qualify to be on the ballot.

In conclusion, Ms. Nadberazny stated she hoped that County Council gave this very careful consideration because the residents, as well as the employees, had a lot to lose.

Mr. Kevin Alter, Bethlehem, PA - advised his wife worked at Gracedale and one thing he saw at Gracedale was the passion the employees felt for the residents. He further advised from what he heard, it appeared the County did not have a legal obligation to have a nursing home, but there was a moral obligation. He noted what made Gracedale great was not the building, but the people. He further noted there had to be a better solution than selling or leasing Gracedale for the citizens of the County and the residents and employees of Gracedale.
Mr. Alter stated he felt as a society there was an obligation to those people who could not afford some of the other nursing homes and it would be a shame to sell or lease a crown jewel like Gracedale.

Ms. Frances Thomes, Easton, PA - advised she was a retired home health aide and she sincerely felt that Gracedale should not be sold or leased. She further advised when anything was privatized something was always lost.

Ms. Janet Harrison, Bethlehem, PA - stated as a taxpayer, she would like to see Gracedale continue because the care of the elderly citizens of the County was very important to her, as it should be to everyone, as they had contributed a lifetime to this County. She further stated she felt this study was orchestrated to have its final conclusion to be to sell Gracedale.

Ms. Harrison advised Gracedale was an easy target for the County to look at and she felt all departments of the County should be challenged to be fiscally responsible. She further advised this was a temporary situation and selling Gracedale would be short sighted. She noted as a taxpayer, she personally prefer the County privatize the Prison.

Ms. Harrison stated there were many good recommendations in the study that should be tried to give Gracedale the opportunity to succeed.

Mr. Joe Mamanna - advised his mother had been at Gracedale for three years and his uncle for five years and he agreed that supervision and management had to be looked at. He further advised that selling Gracedale was not the answer.

Mr. Mamanna stated Mrs. Diane Neiper, who was Chair of the Human Services Committee when she was on County Council, came and talked to them and tried to fix things.

When Mr. Angle commented that he did not get any reports from Mr. Dietrich, who was Chair of the Human Services Committee, Mr. Dietrich stated that when he became a Council member in January and Chair of the Human Services Committee, he wanted to discuss Gracedale, but was told there was a study
going on and once it was completed, it would be reviewed and discussed. However, it was now being railroad through after only three days.

Mr. Jack Dawson - stated the current Administrator had the old Administrator helping him and he said the old Administrator saved the County more money than what it paid him. Therefore, maybe the County should get a third Administrator because he ought to be able to save the County three times as much money. He also suggested offering a buyout to the older employees and that would take care of the pension, cut salaries and save a lot of money.

Ms. Stacy Biechy, Wind Gap, PA - advised she had been employed at Gracedale for 16 years and the County paid $18,000 for this study when less than two years ago, they paid $70,000 for another study which was suppose to show Gracedale how to make money. She further advised if the County was going broke, why was it paying so much money on studies when obviously they did not work. She noted she felt the employees in Gracedale were kept in the dark about what was going on.

Unidentified Male - stated he read that County Council was going to take a vote tonight on this issue and he suggested before that was done, people should be given an opportunity to read the report and offer suggestions and comments.

Mr. Angle advised he could not control what the papers wrote and was willing to keep the meeting going as long as there were individuals who wanted to speak.

Mr. Angle asked if there was anyone else who wished to offer any questions or comments. There were no respondents.

After taking a short recess, Mr. Angle asked Mr. Stoffa if he had any questions or comments.

Mr. Stoffa stated he saw four solutions. He further stated the first solution was to raise taxes because the budget for next year was $10 million short, but he did not think many people would vote for that or to lay off 200 people, which was not really a viable option.
Mr. Stoffa advised the second solution would be to cut the benefits in half because they were currently costing the County $18 million, but he did not believe the unions would do that.

Mr. Stoffa stated the last two options would be to sell or lease, with selling being the last option. He further stated he leaned more to leasing Gracedale because it would give the County a lot more advantages that could be initiated.

Mr. Stoffa advised before a decision to lease or sell was made, everyone needed to take time to really research the pros and cons of each option.

In response to Mr. Angle’s comment that it was suggested that proposals be sent out for both lease and sale while the situation was being reviewed, Mr. Stoffa stated he would prefer to have a direction before putting anything out for proposal.

Mr. Angle stated he understood some people were in favor of a lease and in the beginning, he was too because some control would remain with the County, however, the dilemma was with the unions.

After Mr. Stoffa agreed it would depend on whether the unions were willing to cooperate, Mr. Angle asked the union representatives if they would be willing to sit down with the Administration. Mr. James and Mr. Green replied they were always willing to sit down and discuss things.

Mr. Angle stated he had to be concerned about the taxpayers and that the residents continue to receive the outstanding care they had been getting. He further stated in his research, looking at Carbon County, it was very possible to negotiate whereby the employees would stay as long as they were being paid a fair wage for that market.

Mr. Green advised a for profit business was going to be looking to cut costs and that usually involved staffing.

Mr. Stoffa stated in the 2011 budget, the County was going to have to put in $6,067,000. He further stated last year, Gracedale cost $7,880,000 and the year before $4,614,000 for a three year total of approximately $18 million. He further
stated over 22 years, Gracedale cost the County $3,826,497, therefore, it had not really made the County any money.

Mr. McClure advised over the last 20 years, Gracedale cost the County $1.8 million in County contributions and in the last ten years, the County spent approximately $3 million sending prisoners to other prisons when there was overcrowding. Therefore, the County spent more money on sending prisoners out than it did caring for the elderly.

Mrs. McHale stated the Administration should take a very close look at the overall operation at Gracedale because from the comments that were made tonight, there was a lot of room for improvement.

Mr. Stoffa agreed, but those types of improvements were not going to save $6 million.

Mrs. Ferraro advised there was no question that Gracedale was a wonderful facility, but the question was what could be done now. She further advised she agreed the profits Gracedale made should have been put aside, but again that was the past and a decision had to be made about what to do now. However, she did not think there should be a rush to a decision, but done in steps.

Mrs. Ferraro stated the first step would be to look at the management and perhaps bring in a new management team because that would be the least disruptive. She further stated everything was not idyllic in Carbon County as there were issues with the unions and all those Commissioners would probably be thrown out of office.

Mrs. Ferraro commented that perhaps there could be a minor tax increase, the employees could get involved to come up with some solutions and the recommendations in the report should be implemented. She further commented before a decision was made to sell or lease Gracedale, everything should be considered to save it.

Mr. McClure stated he agreed that finances were important, but it should be kept in mind that 11 out of the last 20 years, Gracedale had returned money to the County’s Fund Balance. He further stated between 2005 and 2008, Gracedale contributed
nearly $10 million to the Fund Balance and at the end of 2009, the County had approximately $61 million in its unrestricted Fund Balance. Therefore, if there was a $10 million gap at Gracedale this year, the County should fill that gap without the need to sell or lease Gracedale, without the need to raise taxes or without pursuing some of Mrs. Ferraro’s suggestions.

Mr. Angle advised the County could not keep taking money out of its Fund Balance to cover expenses.

Mr. Dietrich stated a lot of ideas were presented tonight so he suggested moving this issue to the Human Services Committee to look at patient care to see if there was any way to preserve or improve it. He further stated the Finance Committee could look at the financial aspect to see what could be done there.

In response to Mr. Angle’s question as to the difference between leasing and selling Gracedale with regard to labor contracts, Ms. Patricia Siemiontkowski, Director of Human Resources, advised if it were sold, under the Collective Bargaining Agreements, the County had an obligation to do impact bargaining. She further advised the County, the union and buyer would sit down and negotiate what would happen to the employees. She noted the buyer would be involved in the negotiations because there would be a very good chance they would want to retain many of the employees because they would want as smooth a transition as possible.

Ms. Siemiontkowski stated under a lease agreement, the County would still have to do impact bargaining, but with a lease, the County would maintain certain control, but those areas may be considered subcontracted.

In answer to Mr. Angle’s question as to whether the chances of unfair labor practices would be much greater under a lease than a sale, Ms. Siemiontkowski advised with a sale the County would be clearly out of the nursing home business. She further advised depending on the terms of a lease, there could be an issue as to whether or not, the County was actually getting out of the business or subcontracting.

Mr. Gilbert stated there was an obvious concern that if, in fact, ownership, was to change hands, that there would be a lack
of the quality of care that was currently being given at Gracedale today. Therefore, in the negotiation of sale, was it possible to have within the contract stipulations that would allow the level of care to be maintained.

Mr. Lauer advised the question was what would the terms of a sale or lease be, but it would be impossible to answer without studying the existing agreements. He further advised any terms could be placed in a new lease or sale agreement, as long as both parties agreed. He noted his concern was with the issue of level of care because he was not sure what type of consequence there would be if there was a breach in the agreement.

Mr. Gilbert stated his reason for asking that was because the number one concern was the resident and the protection of that resident. He further stated the second concern was to the faithful employee who had given so many years of service. Therefore, he agreed action had to be taken, but it had to be done with those two areas in mind.

Mr. Dowd advised in his ministry he had the opportunity to work at Gracedale and he found the level of care and the employees to be excellent. He further advised he felt everyone had to work together to find some middle ground to deal with this issue and deal with it effectively. With that in mind, he felt that this should not be rushed and that meetings should be held to allow this to play out over a period of time wherein everyone could come together to arrive at a viable solution.

Mr. Angle stated in lieu of some of the things that came out tonight, he would like to appoint, barring no objection from the members of County, Mr. McClure and himself, to meet with the representatives of the unions, along with Mr. Stoffa and Mr. Conklin, to talk about some possibilities.

After someone from the audience indicted that all County union contracts should be looked at, Mrs. Ferraro commented someone had to go first and unfortunately, the issue right now was Gracedale.

Adjournment

Mr. McClure made a motion to adjourn.
Mr. Angle seconded the motion.

The motion passed by acclamation.

Frank E. Flisser
Clerk to Council