Easton, Pennsylvania

February 18, 2016

A regular meeting of the Northampton County Council was held on the above date with the following present: John Cusick, President; Seth Vaughn, Vice President; Mathew M. Benol; Matthew H. Dietz; Margaret L. Ferraro (via telephone); Glenn A. Geissinger; Kenneth M. Kraft; Hayden Phillips; Robert F. Werner; Linda M. Zembo, Clerk to Council, and Joshua D. Fulmer, Acting Solicitor to Council.

Prayer

Mr. Cusick led County Council in a moment of silence.

Pledge of Allegiance

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

Approval of the Minutes

Mr. Kraft made the following motion:

Be It Moved By the Northampton County Council that the minutes of the February 4, 2016 meeting shall be approved.

Mr. Werner seconded the motion.

The minutes were approved by voice acclamation.

Courtesy of the Floor

As no one signed in for Courtesy of the Floor, Mr. Cusick asked if anyone wished to comment.

There were no respondents.

Confirmation of Appointments

Mr. Kraft introduced the following resolution:
R. 18-2016  IT IS HEREBY RESOLVED, by the Northampton County Council that the following individuals shall be confirmed in their appointments/re-appointments as indicated hereafter:

Children, Youth and Families Advisory Board

Appointment
Michelle Koch
1600 Pine Street
Pen Argyl PA 18072

Term to Expire: 02/09/18

General Purpose Authority

Re-appointment
Margaret L. Ferraro
339 Schoeneck Avenue
Nazareth PA 18064

Term to Expire: 12/31/20

Mental Health, Early Intervention and Developmental Programs Advisory Board

Re-appointment
Donna Thorman
10 East Lawn Road
Nazareth PA 18064

Term to Expire: 01/23/19

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

The vote: Kraft, "yes"; Dietz, "yes"; Ferraro, "yes"; Geissinger, "yes"; Phillips, "yes"; Vaughn, "yes"; Werner, "yes"; Benol, "yes" and Cusick, "yes".

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

Controller’s Report

Mr. Stephen Barron, Controller, stated he, as well as Messrs. Werner and Phillips, attended a presentation of tonight’s power point regarding the 501(c)(3) study. He further stated Option 1 involved setting up a 501(c)(3) where people could donate money without County Council approval because they
would not be donating directly to the County and could receive a tax break.

Mr. Barron advised with Options 2 and 3, the County could not allocate overhead costs to the nursing home and the nursing home could not share the services the County currently had set up. He further advised as the employees would no longer be employed by the County, anyone who had eight years of service would be considered involuntarily terminated so they could collect a pension, which would have a significant impact on the County's pension program and the employees who were not vested would probably take their money out.

Mr. Barron stated before County Council made a decision, he urged them to look at the impact on the pension not only for the Gracedale employees, but all employees and taxpayers because since the number of people in the pension and how money was put in and invested would be changing, there would probably be a huge upfront cost.

Mr. Barron advised Premier Healthcare Resources did this study for free, but as they currently managed Gracedale he would recommend having a true independent study by another entity done before making any decision.

County Executive's Report

Mr. John A. Brown, County Executive, stated he held a press conference earlier today announcing that the Department of Health's annual survey of Gracedale found no deficiencies. He further stated last year Gracedale received a zero deficiency report, which was exceptional, but doing it two years in a row was extraordinary.

Mr. Brown advised he wanted to acknowledge the teamwork of the employees for Gracedale's financial success, in the quality of care and their commitment to continue to improve.

Gracedale 501(c)(3) Presentation by Premier Healthcare Resources (Premier)

Mr. Cusick stated at the meeting held on January 7, 2016, a resolution was adopted requesting a presentation on 501(c)(3) status for Gracedale from Premier.
Mr. John Belko, President of Premier, advised he was present with Mr. Ed Frigo, Director of Fiscal Services, and Mr. David Holland, Gracedale's Interim Administrator, and then provided a power point presentation (see Attachment #1). He stated they had no preference as to County Council's decision, noting they managed more pure County-owned nursing homes than 501(c)(3) nursing homes.

Mr. Belko advised Section 501(c)(3) was an Internal Revenue Service tax law provision granting exemption from the Federal income tax to non-profit organizations. He further advised none of its earnings could benefit any private shareholder or individual, it could not be an action organization or participate in any campaign activity and its owner was essentially the community.

Mr. Belko stated Option 1 would create a 501(c)(3) to raise private funds through a non-governmental tax deductible program. He further stated under this option the status of Gracedale would remain the same.

Mr. Belko advised Options 2 and 3 would transfer Gracedale's assets to a 501(c)(3), but with Option 2 the County retained financial responsibility and with Option 3, it did not. He further advised in both options the employees did not remain County employees. He noted Option 1 could be done alone or in concert with Options 2 and 3, but Options 2 and 3 were mutually exclusive.

Mr. Belko stated with Option 2 Gracedale was no longer a County department so it would not have to conform to County policies and as the employees would not be County employees, there would be savings. He further stated the board could remain the same and the financial responsibility would remain with the County. He noted reimbursements would remain on basis of rates for County-owned facilities.

Mr. Belko advised with Option 3 Gracedale's ownership was transferred to a separate non-profit organization that the County created, but it could not retain majority. He further advised the County would not be responsible financially for the facility and reimbursements would change.

Mr. Belko then reviewed the operations of Pleasant Valley Manor in Monroe County and Susque-View Home in Clinton County who opted to transfer ownership of their facilities to a 501(c)(3) (pgs. 12 and 13).
In answer to Mr. Kraft’s question as to how many beds did Pleasant Valley Manor have and what was their rating, Mr. Belko replied 174 and believed their rating was one star.

In response to Mr. Kraft’s question as to how many beds did Susque-View Home have and its rating, Mr. Belko stated they had 140 beds and believed their rating was two stars.

In answer to Mr. Kraft’s comment that both these Counties had Commissioners and were not Home Rule Charter, Mr. Belko advised that was correct.

Mr. Belko stated the advantages to Options 2 and 3 were it separated employees from the County’s benefit programs so benefit costs were reduced. He further stated it eliminated the burden of part-time workers qualifying for State pension funds when they averaged more than 1,000 hours a year. Further, Gracedale may be able to purchase services for less as there was a less formal bidding process.

Mr. Belko advised some of the disadvantages for Option 2 were the County was still financially responsible for Gracedale, it had to file an annual 990 form (Return of Organization Exempt from Income Tax), reduction of pool for self-funded programs could cost the County more, specific requirements had to be met to maintain the 501(c)(3) status, change of benefits could be met with union resistance, overhead costs could not be allocated to Gracedale and Gracedale would have to purchase its own services.

When Mr. Kraft commented since the facility was County owned he believed they would still have to follow the County regulations when work had to be done on it so there would be no savings, Mr. Belko stated he would have to look into that.

Mr. Kraft advised the biggest disadvantage for Options 2 and 3 would be the unfunded liability for the employees in the County’s pension plan.

Mr. Belko stated some of the disadvantages for Option 3 in addition to those listed for Option 2 were Gracedale must be financially viable, the County’s initiatives may be disrupted and it could not benefit from State contracts.

Mr. Belko then reviewed the financial impact on the County for Options 2 and 3 with regard to the pension, indirect costs and debt and cash management (pgs. 17-19).
Mr. Geissinger advised he was more concerned about the cost to maintain the Gracedale facility than its operational costs.

Mr. Kraft stated he had no problem with Option 1, but he was concerned about the impact of the County's unfunded liability with Options 2 and 3 would have on the employees and taxpayers. He further stated the other homes were smaller facilities so there were a lot more things to be concerned about at Gracedale.

Mr. Werner advised he wanted this study because he wanted Gracedale to be able to receive charitable donations so he was only interested in Option 1.

Mr. Phillips stated his concern was the acuity difference County homes were not getting, but would be resolved with Option 3; however, he believed Bill 1062 and the Intergovernmental Transfer funding would now solve that problem.

Mr. Werner advised 22 Counties have signed their letters of intent to join the Intergovernmental Transfer program so the County may be in a position to receive $2.4 million.

In response to Mr. Cusick's question as to whether any residents would be kicked out of Gracedale under Options 2 or 3, Mr. Belko stated they would not.

In answer to Mr. Cusick's question as to whether any individuals would not be accepted, Mr. Belko replied with Option 3 the County would have no control over who would be accepted.

In answer to Mr. Cusick's question as to whether the County would still be able to be under the umbrella for Pelican for insurance, Mr. Belko stated they would be.

In response to Mr. Benol's question as to what would happen to the employees under Options 2 and 3, Mr. Belko advised they would be offered positions because there was a nursing shortage.

Mr. Kraft stated union contracts had a successor clause, so basically they would be fired with the opportunity to be rehired, but probably at a lower rate.
Introduction of an Ordinance Amending Home Rule Charter Article VIII Personnel, Section 804. Filling Vacancies in the Career Service (b) Recruitment

Mr. Cusick advised Messrs. Kraft and Benol would be co-sponsors of the following ordinance. He further advised the public hearing, debate and possible vote would be held at the meeting on March 3, 2016.

AN ORDINANCE PROVIDING FOR AMENDMENT TO THE NORTHAMPTON COUNTY HOME RULE CHARTER ARTICLE VIII PERSONNEL, SECTION 804. FILLING VACANCIES IN THE CAREER SERVICES (b) RECRUITMENT

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 8, 2016 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 change in the Northampton County Home Rule Charter Article VIII Personnel Section 804. Filling Vacancies in the Career Service (b) Recruitment to read, as follows:

(b) Recruitment. Each vacant position shall be broadly advertised for a period of at least seven (7) days. Candidates shall apply for the position with the agency responsible for administering the merit personnel system.

SECTION II - EFFECTIVE DATE

A. This ordinance shall become effective thirty days after the date of enactment.
Introduction of an Ordinance Endorsing the County Bridge and Conveyance and Rehabilitation Program

Mr. Cusick advised Messrs. Phillips and Geissinger would co-sponsor the following ordinance. He further advised the public hearing, debate and possible vote would be held at the meeting on March 3, 2016.

AN ORDINANCE OF THE COUNTY COUNCIL OF NORTHAMPTON COUNTY ENDORSING THE COUNTY BRIDGE CONVEYANCE AND REHABILITATION PROGRAM

WHEREAS, the County owns approximately one hundred nineteen (119) bridges (115 are owned solely by Northampton County and 4 are owned with Lehigh County); and

WHEREAS, in 2012 the County commissioned the engineering firm of Borton-Lawson to prepare a formal Conditions Report outlining the status and condition of the bridges located in Northampton County; and

WHEREAS, Borton-Lawson completed that Report and submitted the same to the Northampton County Department of Public Works in May of 2013; and

WHEREAS, the Borton-Lawson Report concluded the following:

- The average age of the bridges owned by Northampton County is over 61 years, some are over 100 years old.
- The average sufficiency rating for the bridges owned by Northampton County is 70.
- Twenty-two (22) of the bridges were determined to be functionally obsolete.
- 27 of the bridges were determined to be structurally deficient.
- 37 of the bridges are load posted and weight restricted.
- 3 of the bridges are completely closed to traffic; and

WHEREAS, the County budgets approximately $780,000.00 a year for the maintenance of bridges; and
WHEREAS, the County issued a Bond in 2013 in the amount of $7.1 million dollars for the rehabilitation of only nine (9) of the County’s bridges; and

WHEREAS, it has been determined by the County that the County’s Department of Public Works has limited manpower, insufficient funds and limited expertise to manage the County’s bridge maintenance program; and

WHEREAS, the duration for a typical bridge rehabilitation project runs from 4 to 6 years and typically costs between 1 and 2.5 million dollars per bridge; and

WHEREAS, the County believes it has inadequate resources to properly rehabilitate, replace and repair the functionally obsolete bridge system owned by Northampton County; and

WHEREAS, Northampton County formed the General Purpose Authority (GPA) under and in accordance with the Pennsylvania Municipalities Authorities Act, 53 Pa. C.S. § 5601, et seq., Act 22 of 2001, effective June 19, 2001 which codifies and amends the Municipal Authorities Act of 1945, as amended (hereinafter the "Act"); and

WHEREAS, the Act provides in relevant part as follows:

(i) §5607(a) Every authority incorporated shall be for the purpose of acquiring, holding, constructing, financing, improving, maintaining and operating, owning or leasing, either in the capacity of lessor or lessee various types of projects including transportation, bridges, highways and parkways and all facilities necessary or incident thereto; and

(ii) §5607(b) Every authority may exercise all powers necessary or convenient for the carrying out for the purposes set forth in the Act including (1) to acquire, purchase, hold, lease as lessee and use any franchise, property, real, personal or mixed, tangible or intangible, or any interest therein necessary or desirable for carrying out the purposes of the authority...; and

WHEREAS, the GPA, in accordance with the Act, is an instrumentality of the Commonwealth of Pennsylvania; and
WHEREAS, Act 88 of 2012, 74 Pa. C.S. §§9101-9124 ("Act 88") is a statutory tool that enables the Commonwealth of Pennsylvania or its instrumentalities (such as the GPA) to enter into agreements with the private sector to participate in the delivery, maintenance and financing of transportation-related projects commonly referred to as "P3" projects; a P3 project is a contractual agreement between a "Public Entity" and a "Private Entity" which transfers the responsibility of a facilities engineering, construction, operation and/or maintenance to the private sector for a defined period of time; and

WHEREAS, Act 88 specifically defines a "Public Entity" as a municipal authority, such as the GPA; and

WHEREAS, Act 88 requires that a Public Entity such as the GPA, when undertaking a P3 rehabilitation project, solicit Requests for Proposals which solicitation is issued by the Public Entity; and

WHEREAS, prior to developing, designing, constructing, financing or operating and maintaining a P3 project, the Private Entity selected must enter into a Public Private Transportation Partnership Agreement with the Public Entity; and

WHEREAS, Act 88 further provides that a "Public Private Transportation Partnership Agreement" is a contract for a P3 project that transfers the rights for the use or control, in whole or in part, of a transportation facility by the Public Entity to the Private Entity for a definite term during which the Private Entity will provide the P3 project; and

WHEREAS, Act 88 in defining a "Transportation Facility" includes existing roads, bridges or overpasses and also includes any improvements of substantial enhancements or modifications to an existing transportation facility; and

WHEREAS, a municipal entity such as the Northampton County GPA must own a transportation facility, such as bridges, in order to effectuate a P3 project under Act 88; and

WHEREAS, the County Executive and the County Council of Northampton County believe that the Northampton County GPA is and can better, more efficiently and more economically replace and rehabilitate 34 of the 119 County bridges through a "P3" project as authorized by Act 88; and
WHEREAS, in order to effectuate the Authority's ability to undertake a P3 project in accordance with Act 88, it must own in fee title to the Transportation Facility, in this case 34 County bridges; and

WHEREAS, the County Executive has the authority to execute and cause to be executed on behalf of the County all Deeds and contracts for the purchase, sale or lease of real property in accordance with §13.15 of the Northampton County Administrative Code, as amended; and

WHEREAS, the County Council of Northampton County must approve, by Ordinance, the purchase, sale or lease of real property owned by Northampton County in accordance with §13.5 of the Northampton County Administrative Code; and

WHEREAS, both the County Executive of Northampton County and the County Council of Northampton County believe that it is in the best interest of the citizens of Northampton County in order to protect their health, safety and welfare to convey title of 34 of the 119 County bridges as identified in Exhibit "A" to the GPA; and

WHEREAS, the Northampton County GPA wishes to accept title to the 34 bridges which are itemized in Exhibit "A"; and

WHEREAS, the GPA wishes to accept title to the 34 bridges in order to facilitate the bridge enhancement project as authorized by State Statute and Act 88.

NOW, THEREFORE, County Council of Northampton County hereby enacts and ordains and does enact and ordain the following:

1. All "Whereas" clauses are incorporated herein as though the same were more fully set forth at length.

2. Northampton County Council hereby endorses the Bridge Rehabilitation Program and authorizes conveying title of 34 bridges, as set forth in Exhibit "A" attached hereto and made a part hereof, to the Northampton County General Purpose Authority in accordance with the strict limitations, conditions and provisions further set forth in this Ordinance.

3. The conveyance of the 34 bridges set forth in Exhibit "A" attached hereto is subject to the following specific conditions:
The conveyance of each bridge set forth herein in Exhibit "A" shall be pursuant to a subsequent Ordinance of the County Council of Northampton County.

As a condition precedent to the conveyance of bridges from the County to the GPA, the County and the GPA will enter into a Service Agreement (the "Service Agreement"). The Service Agreement will provide that, in consideration for the GPA's acquisition of the bridges and the GPA's agreement to procure a Private Entity to replace, repair and restore the bridges for a specified period of time, for example 10 years, the County will pay the GPA a yearly service fee.

The GPA will issue a RFP developed in cooperation with a committee appointed by the GPA, seeking Private Entities to submit proposals for participation in the P3 GPA project.

A review of the RFP proposals received, and the selection of a Private Entity will be made, initially, by a Committee appointed by the GPA and then ultimately by the GPA Board.

The RFP prepared by the GPA will include a draft of the proposed Public Private Partnership Transportation Agreement (the "Public Private Agreement") as required by Act 88.

In accordance with a Public Private Agreement entered into between the GPA and the P3 Private Sector Partner, the GPA will pay the Private Entity remuneration in accordance with the services provided under the Public Private Agreement.

At the expiration of the Public Private Agreement, the GPA may consult with appropriate County officials and determine whether or not it wishes to convey title to the bridges back to the County in fee or whether it would be more appropriate for the County to continue and extend the Service Agreement between the County and the GPA in order to allow the GPA to further service and maintain the County bridges.

4. County Council finds that the P3 GPA project offers the County and its residents multiple benefits which include the following:
(a) Replacement, rehabilitation and maintenance of County bridges, which are obsolete, in poor condition and, in some instances, unsafe, at an effective cost savings to the County;

(b) Implementation of a bridge rehabilitation program; and

(c) The GPA is authorized to effectuate such a bridge replacement project as an instrumentality of the Commonwealth of Pennsylvania in accordance with Act 88.

5. **Severability.** The provisions of the Ordinance shall be severable, and if any provision hereof shall be declared unconstitutional, illegal or invalid, such decision shall not affect the validity of the remaining provisions of this Ordinance. It is hereby declared as a legislative intent of the Township that this ordinance would be amended as if such unconstitutional, illegal or invalid provision or provisions had not been included herein.

6. **Repealer.** All other County Ordinances, or parts thereof, that were adopted prior to this ordinance and are in conflict with this ordinance are hereby repealed.

7. **Effective Date.** This Ordinance shall become effective thirty (30) days after enactment.

Consideration of Personnel Request Resolutions: a) Court Administration, b) Department of Administration - Election Division, c) Department of Human Services - HealthChoices Division; Gracedale Division, d) Sheriff's Department, e) Department of Community and Economic Development

Court Administration

Mr. Kraft introduced the following resolution:

**IT IS HEREBY RESOLVED** by the Northampton County Council that the one full time position of Magisterial District Judge Technician, pay grade CN-17, Salary Step 1-A, salary $30,816, shall be eliminated in the Department of Court Administration, Magisterial District Judges Division, effective this 19th day of February 2016.
IT IS FURTHER RESOLVED that the one part time position of Magisterial District Judge Technician, pay grade CN-17, Salary Step 1-A, salary $15,408, shall be eliminated in the Department of Court Administration, Magisterial District Judges Division, effective the 19th day of February 2016.

IT IS FURTHER RESOLVED that the one temporary part time position (30 hours per week) of Court Processing/Operations Officer, pay grade CN-18, Salary Step 1-A, salary $24,201, shall be eliminated in the Department of Court Administration, effective the 19th day of February 2016.

IT IS FURTHER RESOLVED that one full time position of Court Processing/Operations Officer, pay grade CN-18, Salary Step 1-A, salary $32,268, shall be created in the Department of Court Administration, effective the 19th day of February 2016.

IT IS FURTHER RESOLVED that the one position of Clerical Technician II, pay grade CN-13, Salary Step 1-A, salary $25,631, in the Department of Administration, Pretrial Services Division, shall be reclassified to Clerical Technician III, pay grade CN-15, Salary Step 1-A, salary $28,105, effective the 19th day of February 2016.

Ms. Jill Cicero, Court Administrator, pointed out that in the last paragraph Department of Administration should read as Department of Court Administration.

Mr. Kraft made a motion to change the wording.

Mr. Werner seconded the motion.

As there were no questions or comments, Mr. Cusick called for a vote on the motion.

The vote: Kraft, "yes"; Werner, "yes"; Benol, "yes"; Cusick, "yes"; Dietz, "yes"; Ferraro, "yes"; Geissinger, "yes"; Phillips, "yes" and Vaughn, "yes".

The motion was passed by a vote of 9-0.

Mr. Cusick called for the vote on the following amended resolution:
R. 19-2016 IT IS HEREBY RESOLVED by the Northampton County Council that the one full time position of Magisterial District Judge Technician, pay grade CN-17, Salary Step 1-A, salary $30,816, shall be eliminated in the Department of Court Administration, Magisterial District Judges Division, effective this 19th day of February 2016.

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IT IS FURTHER RESOLVED that the one position of Clerical Technician II, pay grade CN-13, Salary Step 1-A, salary $25,631, in the Department of Court Administration, Pretrial Services Division, shall be reclassified to Clerical Technician III, pay grade CN-15, Salary Step 1-A, salary $28,105, effective the 19th day of February 2016.


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

Department of Administration - Elections Division

Mr. Kraft introduced the following resolution:

R. 20-2016 IT IS HEREBY RESOLVED by the Northampton County Council that the one full time position of Voting Machine Technician, pay grade RU-20, Salary Step 1-A, salary $36,355, shall be eliminated in the Department of Administration, Elections Division, effective the 19th day of February 2016.
IT IS FURTHER RESOLVED that one full time position of Elections Technician, pay grade RU-16, Salary Step 1-A, salary $30,238, shall be created in the Department of Administration, Elections Division, effective the 19th day of February 2016.

IT IS FURTHER RESOLVED that the title for the full time position of Voting Machine Manager shall be changed to Voting Machine Custodian, effective the 19th day of February 2016.

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

The vote: Kraft, "yes"; Ferraro, "yes"; Geissinger, "yes"; Phillips, "yes"; Vaughn, "yes"; Werner, "yes"; Benol, "yes"; Cusick, "yes" and Dietz, "yes".

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

Department of Human Services – HealthChoices Division

Mr. Kraft introduced the following resolution:

R. 21-2016 WHEREAS, Ms. Susan Temples is the only qualified, certified candidate on the Pennsylvania State Civil Service Commission list for the HealthChoices Accountant II position and if approved, her proposed salary would be two steps higher than recommended in County policy.

IT IS HEREBY RESOLVED by the Northampton County Council that Ms. Susan Temples be promoted from the full time position of Accountant I, pay grade CS-22 Step 3-C, salary $47,992 to the full time position of Accountant II, pay grade HS38A, Step 6F, salary $56,636, in the Department of Human Services, HealthChoices Division, effective this 19th day of February 2016.

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

The vote: Kraft, "yes"; Geissinger, "yes"; Phillips, "yes"; Vaughn, "yes"; Werner, "yes"; Benol, "yes"; Cusick, "yes"; Dietz, "yes" and Ferraro, "yes".

The resolution was adopted by a vote of 9-0.
Department of Human Services - Gracedale Division

Mr. Kraft introduced the following resolution:

**IT IS HEREBY RESOLVED** by the Northampton County Council that the one position of Department of Human Services Fiscal Administrator, pay grade CS-34, be converted from Exempt-Appointed to Career Service status, effective January 22, 2016.

**IT IS FURTHER RESOLVED** by the Northampton County Council that the one (1) full time position of Deputy Director of Human Services - Gracedale, pay grade CS-31 (exempt-appointed), salary range $66,504 to $94,667, shall be created in the Department of Human Resources, effective January 22, 2016.

Ms. Allison Frantz, Director of Human Services, indicated that Department of Human Resources in the last paragraph shall read as Department of Human Services.

In answer to Mr. Cusick’s question as to the effective date being January 22, 2016, Ms. Frantz agreed that should have been February 19, 2016.

Mr. Kraft made a motion to make these changes.

Mr. Benol seconded the motion.

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

The vote: Kraft, "yes"; Benol, "yes"; Cusick, "yes"; Dietz, "yes"; Ferraro, "yes"; Geissinger, "yes"; Phillips, "yes"; Vaughn, "yes" and Werner, "yes".

The motion was passed by a vote of 9-0.

Mr. Cusick called for the vote on the following amended resolution:

**R. 22-2016 IT IS HEREBY RESOLVED** by the Northampton County Council that the one position of Department of Human Services Fiscal Administrator, pay grade CS-34, be converted from Exempt-Appointed to Career Service status, effective February 19, 2016.
IT IS FURTHER RESOLVED by the Northampton County Council that the one (1) full time position of Deputy Director of Human Services - Gracedale, pay grade CS-31 (exempt-appointed), salary range $66,504 to $94,667, shall be created in the Department of Human Services, effective February 19, 2016.

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

The vote: Kraft, "yes"; Phillips, "yes"; Vaughn, "yes"; Werner, "yes"; Benol, "yes"; Cusick, "yes"; Dietz, "yes"; Ferraro, "yes" and Geissinger, "yes".

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

Sheriff’s Department

R. 23-2016 IT IS HEREBY RESOLVED that the two part time positions (2.00 FTE) of Deputy Sheriff, pay grade DS-23, salary range $43,206 to $58,798, shall be eliminated in the Sheriff’s Department, effective the 19th day of February 2016.

IT IS FURTHER RESOLVED that the one part time (.75 FTE) position of Security Screening Officer, pay grade CS-12, salary range $20,799 to $29,593, shall be eliminated in the Sheriff’s Department, effective the 19th day of February 2016.

IT IS FURTHER RESOLVED by the Northampton County Council that the two full time positions (2.00 FTE) of Deputy Sheriff, pay grade DS-23, salary range $43,206 to $58,798, shall be created in the Sheriff’s Department, effective the 19th day of February 2016.

Sheriff David Dalrymple advised the 2.00 FTE was four positions and the .75 FTE was for three positions.

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

The vote: Kraft, "yes"; Phillips, "yes"; Vaughn, "yes"; Werner, "yes"; Benol, "yes"; Cusick, "yes"; Dietz, "yes"; Ferraro, "yes" and Geissinger, "yes".

The resolution was adopted by a vote of 9-0.
Department of Community and Economic Development

Mr. Kraft introduced the following resolution:

R. 24-2016 IT IS HEREBY RESOLVED by the Northampton County Council that the one position of Deputy Director of Department of Community and Economic Development, pay grade CS-31, be converted from Career Services status to Exempt-Appointed status, effective February 19, 2016.

In response to Mr. Werner's question as to whether there was any problem changing a Career Service position to an Exempt-Appointed position, Mr. Cusick stated he did not see any problem with it.

Ms. Catherine Allen, Deputy Director of Administration, advised this position was made Career Service when Ms. Lori Sywensky, former Deputy Director of the Department of Community and Economic Development, was in it, but as she had since left and that department did not currently have an exempt position, which it should, it was decided to revert it back.

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

The vote: Kraft, "yes"; Vaughn, "yes"; Werner, "yes"; Benol, "yes"; Cusick, "yes"; Dietz, "yes"; Ferraro, "yes"; Geissinger, "yes" and Phillips, "yes".

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

Consideration of Resolution Pertaining to Veteran Homelessness

Mr. Geissinger introduced the following resolution:

R. 25-2016

A RESOLUTION ACCEPTING THE MAYORS CHALLENGE TO END VETERAN HOMELESSNESS, ACKNOWLEDGING THE WORK OF THE LEHIGH VALLEY HOMELESS VETERANS TASK FORCE, AND ENCOURAGING THE PUBLIC AND PRIVATE SECTORS TO JOIN IN THIS EFFORT.

WHEREAS, the men and women who served in the United States armed services have made extraordinary sacrifices to serve this nation and should not experience homelessness; and
WHEREAS, preventing and ending homelessness among veterans is a national priority that the United States Department of Veterans Affairs (VA) and its Federal partners, including the United States Department of Housing and Urban Development (HUD) and the United States Interagency Council on Homelessness (USICH), have taken decisive action to achieve; and

WHEREAS, now more than 850 mayors, governors, and Counties across the nation have accepted that challenge, making a commitment to end veteran homelessness in their communities; and

WHEREAS, ending homelessness for veterans and their families is critical to Counties and cities as it will reduce the inefficient usage of costly health care services and emergency shelters, as well as enhance the ability of veterans to positively contribute to their communities and increase economic productivity; and

WHEREAS, a housing first approach removes barriers to helping veterans obtain permanent housing as quickly as possible; and

WHEREAS, The Lehigh Valley Homeless Veterans Task Force was formed in March 2015 to bring together partners throughout the Lehigh Valley in order to focus efforts to end veteran homelessness in our region; and

WHEREAS, these partners provide a comprehensive range of resources and supportive services to re-house veterans and their families, including outreach, case management, temporary financial assistance, transitional housing, permanent supportive housing and job training.

NOW, THEREFORE, BE IT RESOLVED that the Northampton County Council hereby formally joins the Mayors Challenge to End Veteran Homelessness; and

BE IT FURTHER RESOLVED that the Northampton County Council affirms the value of a Housing First approach to ending veteran homelessness; and

BE IT FURTHER RESOLVED that the Northampton County Council commits our support to the Lehigh Valley Homeless Veteran Task Force’s continued efforts; and
BE IT FURTHER RESOLVED that the Northampton County Council acknowledges that this community-wide collaborative approach is essential in ending veteran homelessness across the Lehigh Valley and encourages more agencies and providers to join in this effort; and

BE IT FURTHER RESOLVED that the Northampton County Council encourages policies and practices in both the private and public sectors that support employment of veterans, provides increased access to public transportation and encourages greater access to affordable housing; and

BE IT FURTHER RESOLVED that the Northampton County Council encourages landlords to support our veterans by providing affordable housing.

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

The vote: Geissinger, "yes"; Werner, "yes"; Benol, "yes"; Cusick, "yes"; Dietz, "yes"; Ferraro, "yes"; Kraft, "yes"; Phillips, "yes" and Vaughn, "yes".

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

Consideration of Gracedale Volunteer Fund Donation Waiver Resolution

Mr. Vaughn introduced the following resolution:

WHEREAS, Northampton County Home Rule Charter Section 202 (10) provides that County Council shall have, among others, the following powers: "to accept on behalf of the County any gifts of real property and to provide for the acceptance by any agency on behalf of the County of other gifts;" and

WHEREAS, the Department of Human Services Gracedale Division requests they be allowed to accept donations for the Gracedale Volunteer Fund up to $500 per donation; and

WHEREAS, an account of all funds either deposited or withdrawn will be provided on an annual basis and upon request.

NOW, THEREFORE, BE IT RESOLVED by the Northampton County
Council that it does hereby direct the Department of Human Services Gracedale Division to accept donations for the Gracedale Volunteer Fund up to $500 per donation.

Mr. Geissinger stated based on the Home Rule Charter he did not know whether County Council had the legal authority to enact this.

Mr. Fulmer advised he spoke to Mr. Philip Lauer, County Council Solicitor, who indicated he did not have the time to adequately research this matter and requested more time.

Mr. Kraft made a motion to table this resolution until an opinion could be received.

Mr. Geissinger seconded the motion.

Mr. Cusick called for the vote.

The vote: Kraft, "yes"; Geissinger, "yes"; Dietz, "yes"; Ferraro, "yes"; Phillips, "yes"; Vaughn, "yes"; Werner, "yes"; Benol, "yes" and Cusick, "yes".

The motion was passed by a vote of 9-0.

Consideration of the Revised Conservation District Fee Schedule Resolution

Mr. Geissinger introduced the following resolution:

R. 26-2016 WHEREAS, Northampton County Council Ordinance No. 17-1979 provides that the Northampton County Council shall set fees, charged by various County agencies by means of a resolution; and

WHEREAS, the Northampton County Conservation District Board of Directors, at its meeting held January 12, 2016, voted to increase the existing Erosion and Sediment Pollution Control Plan Review Fee Schedule.

NOW, THEREFORE, BE IT RESOLVED, By the Northampton County Council that effective May 1, 2016, Northampton County Conservation District Erosion and Sediment Pollution Control Plan Review Fee Schedule shall be as indicated hereafter:
NORTHAMPTON COUNTY CONSERVATION DISTRICT
EROSION AND SEDIMENT POLLUTION CONTROL PLAN REVIEW FEE SCHEDULE
Effective May 1, 2016

I. FEE SCHEDULE

A. The following fees will be charged by the Northampton County Conservation District for Erosion and Sediment Pollution Control Plan review. Applications cannot be accepted or processed for review without the appropriate fee, complete application form and the required number of plans.

1. Residential Development

<table>
<thead>
<tr>
<th>Number of Lots</th>
<th>General Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$210.00 for non-permitted sites</td>
</tr>
<tr>
<td></td>
<td>710.00 if NPDES permit required</td>
</tr>
<tr>
<td>2 – 4</td>
<td>$1,260.00 for non-permitted sites</td>
</tr>
<tr>
<td></td>
<td>1,760.00 if NPDES permit required</td>
</tr>
<tr>
<td>5 – 10</td>
<td>2,490.00</td>
</tr>
<tr>
<td>11 – 25</td>
<td>3,885.00</td>
</tr>
<tr>
<td>26 – 40</td>
<td>5,040.00</td>
</tr>
<tr>
<td>41 – 55</td>
<td>6,300.00</td>
</tr>
<tr>
<td>56 – 70</td>
<td>7,665.00</td>
</tr>
<tr>
<td>71 and above</td>
<td>7,665.00 + $90.00/lot over 70 lots.</td>
</tr>
</tbody>
</table>

2. Industrial / Commercial (including apartments and townhouses)

<table>
<thead>
<tr>
<th>Number of Acres</th>
<th>General Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 0.99</td>
<td>$1,260.00</td>
</tr>
<tr>
<td>1 – 4.99</td>
<td>24970.00</td>
</tr>
<tr>
<td>5 – 9.99</td>
<td>3,885.00</td>
</tr>
<tr>
<td>10 – 14.99</td>
<td>5,040.00</td>
</tr>
<tr>
<td>15 – 19.99</td>
<td>6,300.00</td>
</tr>
<tr>
<td>20 – 25</td>
<td>7,665.00</td>
</tr>
<tr>
<td>Above 25</td>
<td>7,665.00 + $90.00/acre over 25 acres.</td>
</tr>
<tr>
<td></td>
<td>(Round off to closest whole acreage number, e.g. 23.3 = 23, 23.5 = 24)</td>
</tr>
</tbody>
</table>

3. Timber Harvesting/Farm Ponds/Chapter 105 Permit Activities

<table>
<thead>
<tr>
<th>Number of Acres</th>
<th>General Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 24.99</td>
<td>$285.00</td>
</tr>
<tr>
<td>25 – 49.99</td>
<td>460.00</td>
</tr>
<tr>
<td>50 – 250</td>
<td>610.00</td>
</tr>
<tr>
<td>Above 250</td>
<td>610.00 + $4.00/acre over 250 acres.</td>
</tr>
<tr>
<td></td>
<td>(Round off to closest whole acreage number)</td>
</tr>
</tbody>
</table>

B. The above fees for plan reviews will be charged separate from, and in addition to, the filing fees for the NPDES permits required for the discharge of storm water from construction activities and Erosion and Sediment Control Permits (ESCP) for timber harvest and road maintenance activities.

II. WAIVER OF FEES

A. Fees will be waived only for an application filed under the name of a governmental agency of the United States, Commonwealth of Pennsylvania or the County of Northampton. This exemption does not apply to municipalities,
school districts or special purpose authorities or any private, nonprofit organization or supersede Title 25, Chapter 102, Erosion and Sediment Control Regulations. For erosion and sediment control plan reviews, municipalities, school districts and authorities shall pay 50% of the applicable commercial fee.

III. PROJECT AREA DELINEATION

A. The entire parcel, including off-site improvement area, shall represent the basis used for the fee schedule. Open space area shall be included in the total project area.

IV. APPLICABILITY OF FEE SCHEDULE

A. The fee schedule shall apply to those plans that are submitted to the Conservation District requesting determination of Erosion and Sediment Pollution Control adequacy. Each resubmission of a different project on the same tract of land will be charged according to the fee schedule.

B. Plan revisions requesting determination of adequacy resubmitted within thirty (30) days after the District determined original plan to be adequate or within thirty (30) days after NPDES permit issuance, shall be subject to a $100.00 processing fee. To be eligible for this provision, a cover letter must be included with the resubmitted plan that outlines and details the extent of the revision.

C. Plans resubmitted that do not meet the requirements of Section B and where major revisions do not occur, shall be subject to 25% of the original fee.

D. Deficient plans – If after the second review the plan is deemed deficient, the third submission is subject to a charge of 25% of the original fee. Each subsequent submission will continue to be charged 25% of the original fee.

E. Letters of adequacy issued by the District for projects not requiring a NPDES permit are valid for four (4) years from the date of issuance. Projects that require an NPDES permit are valid for the term of the NPDES Permit. Failure to begin earthmoving within these timeframes will invalidate the review and require a resubmission, which is subject to an additional fee, not to exceed the review fee schedule in effect at the time of resubmittal.

F. Plans not associated with a NPDES Permit that are revised and resubmitted more than two (2) years from the date of the last deficiency letter will require a new application and fee, which will be charged according to the fee schedule in effect at the time of the latest submission.

G. Plan review fees are not refundable for withdrawn projects.

H. Any fee check returned for nonsufficient funds will be assessed a $25 charge in addition to a new payment. No review of the NPDES Permit Application or Erosion and Sedimentation Pollution Control Plan will occur until the new payment is received and cleared by the Conservation District. The Conservation District will consider the application received on the date all payments have been received and cleared.

I. An increase in project acreage during the plan review process may result in an increase of the applicable review fees.

V. ADMINISTRATIVE PROCEDURES

A. The applicant shall submit a check or money order payable to the Northampton County Conservation District, three complete sets of Erosion and Sedimentation Pollution Control Plans and one copy of the Application for Review of Erosion and Sediment Pollution Control Plan and NPDES Permit Processing, including NPDES permit renewals and modifications.

B. The Northampton County Conservation District will accept the E&S review application when all the necessary information and fees are supplied.
   - For NPDES and ESC permitted sites, the maximum review time will be based on PADEP, Standard Operating Procedures (SOPs).
• For non-permitted sites, the maximum review time will be thirty (30) working days.

C. Pennsylvania Department of Environmental Protection NPDES Permits and ESC Permits will be administered under the Waterways and Wetlands Program administrative guidelines.

• For projects that require a NPDES Permit, Erosion and Sediment Pollution Control (E&SPC) Plans will not be reviewed until a NPDES Permit application has been found to be administratively complete. E&SPC Plans review fee payments should not be submitted until the NPDES Permit application has been found to be administratively complete; E&SPC Plans will not be reviewed until the fee is received.

D. Any submission received after 3:00 PM will be stamped as received on the next business day.

VI. PNDI RECEIPTS GENERATED THROUGH THE PA CONSERVATION EXPLORER

A. Requests for Northampton County Conservation District to provide PNDI receipts generated through the PA Conservation Explorer must be received in writing with all pertinent information and mapping provided and accompanied by a check for two times the fee imposed by PA DCNR. Checks should be made payable to "Northampton County Conservation District".

VII. PUBLICATIONS AVAILABLE FOR FEE

A. Northampton County Soil Survey (USDA, 1974) $ 20.00
Mr. Phillips stated Item VI. was added so individuals would know it would be cheaper to apply directly to the Pennsylvania Department of Conservation and Natural Resources rather than applying with the County.

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

The vote: Geissinger, "yes"; Cusick, "yes"; Dietz, "yes"; Ferraro, "yes"; Kraft, "yes"; Phillips, "yes"; Vaughn, "yes"; Werner, "yes" and Benol, "yes".

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

Executive Session

Mr. Phillips made a motion for County Council to move into Executive Session to discuss litigation.

Mr. Werner seconded the motion.

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

The vote: Phillips, "yes"; Werner, "yes"; Ferraro, "yes"; Geissinger, "yes"; Kraft, "no"; Vaughn, "yes"; Benol, "yes"; Cusick, "yes" and Dietz, "yes".

The motion passed by a vote of 8-1.

Mrs. Ferraro left the meeting at this time.

Mr. Fulmer advised County Council entered into Executive Session at 7:55 p.m. and reconvened at 8:04 p.m., noting the reason for the Executive Session was to discuss litigation.

Mr. Benol left the meeting at this time.

Airport Authority Liaison Report

Mr. Geissinger stated during the Executive Committee meeting it was recommended they decrease the term of the extension they requested in their Articles of Incorporation. He further stated they agreed and the necessary documents were being prepared.
In answer to Mr. Phillips' question regarding the other suggestions, Mr. Geissinger advised the discussion was left where a number of those items would be addressed positively and the only one that concerned them was the appointing of a member of each of the governing bodies to the Executive Committee.

In response to Mr. Werner's question as to what impact would there be if the FedEx deal did not go through, Mr. Geissinger stated the airport would continue to operate, but all the litigation items put forward were a waste. He further stated they are currently operating at a profit.

In answer to Mr. Cusick's question as to why they were requesting a permanent member on the board when the Counties had the ability to appointment someone, Mr. Geissinger advised the request made by Lehigh County was not to have a permanent member on the board, but to have a member on the Executive Committee and that would require a bylaw change.

Adjournment

Mr. Kraft made a motion to adjourn the meeting.

Mr. Werner seconded the motion.

The motion to adjourn passed unanimously by acclamation.

______________________________
Linda M. Zembo
Clerk to Council
Considering the Relevance of 501(C)(3) Status

Presented by
John Belko NHA
Vice President

PREMIER healthcare resources
SOLUTIONS FOR SENIOR HEALTHCARE PROVIDERS
What Do We Want To Accomplish?

– Review the definition of a 501(c)(3) per the IRS Code

– Know the 3 available options open to Northampton County

– Become familiar with some of the pros and cons of each option

– Know the implications for governance and control of each option
What is a 501(c)(3)?

- Section **501(c)(3)** is an IRS tax law provision granting exemption from the federal income tax to non-profit organizations.
  - This exemption does not cover other federal taxes such as employment taxes.

- None of its earnings may inure to any private shareholder or individual.

- May not be an action organization nor may it participate in any campaign activity.

- The owner is essentially the community.
# The Options

<table>
<thead>
<tr>
<th>Purpose/Description</th>
<th>Gracedale Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Create a 501(c)(3) to raise private funds through a non-governmental, tax deductible.</td>
<td>Unchanged; remains a County Department and a County Home.</td>
</tr>
<tr>
<td>2. Transfer Gracedale assets to a 501(c)(3) controlled by the County, with the County retaining financial responsibility for Gracedale.</td>
<td>Gracedale is no longer a County Dept; employees no longer County employees but Gracedale remains a County Home.</td>
</tr>
<tr>
<td>3. Transfer Gracedale assets to a 501(c)(3) controlled by a community board. County does not have any financial responsibility.</td>
<td>Gracedale no longer a County Department nor a County Home; employees no longer County employees.</td>
</tr>
</tbody>
</table>
The Options

- Can do Option 1 as a standalone supporting the current County department, or with either Option 2 or 3.

- Options 2 and 3 are mutually exclusive.
501(c)(3) Option 1
Charitable Giving

• Can be done without altering current status of Gracedale and its employees.

• County helps develop a 501(c)(3) as a channel for private charitable contributions.
  – Contributions from donor to Gracedale are tax deductible.

• Can be used with any ownership model.
Common Ground Options 2 and 3?

- Employees are employed by the 501(c)(3) and not the County.
  - Do not have to conform to County policies, HR, bidding, purchasing, etc.
  - Carve out pension and insurances from the County.
  - Normally reduces pension costs to the County.
  - Benefit program is different, potentially less costly than the County’s benefits as currently offered.
  - Reduction of overall costs seek to make Facility self-sufficient.
  - 403 (b) for retirement typically used.
501(c)(3) Option 2
County Controlled County Home

- Gracedale assets transferred to a separate 501(c)(3) under County control.

- Gracedale no longer a County Department
  - Legally a separate, non-County organization

- Board can remain the same.

- Reimbursement remains on basis of rates for County owned facilities.

- Financial responsibility remains with the County.
Requirements for 501(c)(3) to Remain a County Home

• PA Code 1189 defines County Nursing Home
  – A newly constructed, licensed and certified County nursing facility.
  – An existing nursing facility that through a change of ownership, is controlled by County government.

• "Controlled" means the power to direct or cause to direct the management and policies of the nursing facility.

• County designation is for MA reimbursement only
  – No difference in licensure or certification status from CMS or PA except...

• CMS considers a change to 501(c)(3) status as a change in ownership
  – Requires new paperwork to be done
  – No change in provider agreement
501(c)(3) Option 3
No Longer a County Home

- Gracedale ownership is transferred (not sold) to a separate non-profit organization that the County creates

- Board Composition changes; County cannot retain majority

- County elects to relinquish control as well as responsibility for the finances of the facility

- Reimbursement changes.
  - Facility reimbursed in the same fashion as all other Commonwealth non-County facilities
  - Acuity based reimbursement system
  - All County add-ons are forfeited
Two Case Studies of Counties That Opted to Transfer Ownership of Their Facility to a 501(c)(3)
Case Study #1: Pleasant Valley Manor
Monroe County

- Separate Pension Plan
- Choice between self-insured or fully insured insurance plans
- Purchasing separate from County
- Independent union negotiations
- Separate Wage/Benefits 20-30% less
- Presently in break even mode
- Fully insured
- Board
  - 3 Commissioners
  - 2 Community members
- Eligible for grant programs available to non-profit entities
- Human Resources at Facility level
Case Study #2: Susque-View Home
Clinton County

- Separate Pension Plan
- Self-Insured
- Purchasing separate from County
- Independent union negotiations
- Separate Wage/Benefits 20-30% less
- Human Resources at Facility level

- SNF beds and Independent Living apartments
- Net income approximately 1-2% of gross revenue
- $3 million cash in bank
- Board composed of 3 Commissioners
- Nominal Lease payment to the County
501(c)(3) Options 2 and 3
Advantages

- Separation of employee benefit programs from the County may allow Gracedale to reduce its benefit costs
  - This may be of particular benefit if pension costs can be reduced

- Eliminates burden of part-time workers qualifying for state pension fund when they average more than 1,000 hours in a year

- Gracedale may be able to purchase HR, IT other services at less cost from non-County third parties

- Less formal bidding process
501(c)(3) Disadvantages

- Option 2
  - Still financially responsible for Gracedale
  - Must file an annual 990 “Return of Organization Exempt From Income Tax”
  - Reduction of pool for self-funded programs (Health Insurance, Workers Comp, Pension) may result in higher County/Gracedale costs
  - Specific requirements must be met to maintain status as a 501(c)(3) organization
  - Changing benefits could meet with union resistance
  - County can't allocate County overhead costs to the nursing home
  - Gracedale must purchase services or bring them in house, i.e., IT services vs. receiving them from County.
501(c)(3) Disadvantages Option 3

- **Gracedale must be financially viable**
- Separation from the County may disrupt alignment with goals, initiatives of County
- Must file an annual 990 Return “Return of Organization Exempt From Income Tax”
- Reduction of pool for self-funded programs (Health Insurance, Workers Comp, Pension) may result in higher County costs
- Specific requirements must be met to maintain status as a 501(c)(3) organization
- Changing benefits could meet with union resistance
- County can’t allocate County costs to the nursing home
- Gracedale must purchase services or bring them in house, i.e., IT services vs. receiving them from County
- Can’t benefit from State Contracts
Retirement - Options 2 & 3 No Longer Part of County Defined Benefit Plan

- County Impact:
  - No longer part of the annual required contribution for the County
  - Short term - An analysis will need to be done to calculate the impact of involuntary separation benefits, including the cost to fund.
  - Long term - No longer impact on the defined benefit plan.

- 501(c)(3) Options 2, 3:
  - Separate retirement plan from the County
  - Able to control/setting contribution rates into defined contribution plan
  - Predictable
Impact on Indirect Costs

- County
  - The County will no longer have Gracedale as a revenue source for indirect costs.
  - Fixed costs will be shared over a smaller base.
  - Variable costs may be eliminated.

- 501(c)3 Options 2 and 3
  - Will need to provide internal service functions either by hiring or contracting
    - Purchasing
    - IT
    - Financial/HR/Payroll Software
    - Accounts Payable
    - Cash Management
    - Debt Management
    - Audit
    - Maintenance
    - Human Resources
    - Solicitor/Legal
Debt and Cash Management

- Credit rating for bonds, borrowing
  - New 501(c)(3) entities would not be backed automatically by County’s taxing authority
  - 501(c)(3) Option 2 County Home
    - County’s bond rating would be impacted by finances of new entity
    - County ultimately responsible for Option 2 finances
  - 501(c)(3) Option 3 Not a County Home
    - County’s bond rating not impacted by finances of new entity

- Cash management
  - Both Options require sufficient cash flow resources to meet needs.

- Under Options 2 & 3, 501(c)(3)s would not fall under County code for investment purposes; potentially could earn a higher rate of return.
Summary

• Looked at three 501(c) options for Gracedale

  1. Channel for charitable giving can be used to support Gracedale as County Department

  2. Option 2 – Ownership transfer to new entity with County retaining control/Fiscal responsibility

  3. Option 3 – Ownership transfer to new non-county non-profit entity where County divests control/fiscal responsibility

• In general, the more control the higher the risk
Questions

PREMIER
healthcare resources
SOLUTIONS FOR SENIOR HEALTHCARE PROVIDERS