

North Los Angeles County Regional Center  
**Administrative Affairs Committee Meeting Minutes**

August 31, 2016

**Present:** Dan Becerra (via teleconference), Jenean Glover, Debra Newman, Lou Papparozzi, and Todd Withers – Committee Members  
Kimberly Bowser - Guest  
Jennifer Kaiser, Michele Marra, Vini Montague, Kim Rolfes, and George Stevens – Staff Members

**Absent:** All present

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**I. Call to Order & Introductions**

Lou called the meeting to order for Dan at 6:05 p.m.

**II. Public Input** – There was no public input.

**III. Consent Items**

A. Approval of Revised Agenda

**M/S/C** (D. Becerra/D. Newman) To approve the revised agenda as presented.

B. Approval of Minutes from July 27<sup>th</sup> Meeting

**M/S/C** (D. Becerra/D. Newman) To approve the minutes as presented.

**IV. Committee Business**

A. Review Center's Insurance Coverage

Copies of the center's insurance coverage report were provided and Kimberly Bowser reviewed the information regarding the following insurance coverage with the committee and the annual premium:

1. General/professional liability (\$89,388)
2. Excess liability (\$38,804)
3. Directors & officers liability (\$81,214)
4. Property (\$24,054)
5. Excess crime (13,828)
6. Cyber liability (\$34,091)
7. Fiduciary liability (\$4,667)
8. Employer's lawyers professional liability (\$4,114)

Kimberly also provided the committee with information about the NIAC loan fund, liability coverage related to certified acts of terrorism and storage location in Denver, Colorado; and property coverage for the new office at Oakdale.

Kim reported that we use Brown and Brown to secure our:

9. Workers compensation insurance (\$975,458)
10. Earthquake and flood insurance (\$21,390)

The total cost for these insurance coverages last fiscal year was \$1,137,579. The total cost for these coverages this fiscal year is \$1,299,540, an increase of \$161,961 or 14.24%.

B. FY 2015-16 Committee Action Log

Copies of the committee's action log were provided for the committee's information.

C. Financial Report

The center's operations budget is currently \$48,136,603 and the purchase of service (POS) budget is \$376,552,063. We will not have a forecast of any deficit or surplus in the POS budget until we complete our first Sufficiency of Allocation Report (SOAR) and submit it to the Department of Developmental Services (DDS) in October or November. Year to date, the center's operating costs are at 10.6%, which is well under the 15% cost cap.

1. C-1 Allocation: Kim reviewed the C-1 intent allocation from DDS with the committee. The ABX2-1 funding for salaries and wages was reduced by \$37,302 from \$3,123,136 to \$3,085,834. Additionally, the C-1 allocation included funding for 17 service coordinators positions to improve Medicaid waiver caseload ratios; 1 cultural specialist; 1 employment specialist; and 1 Home and Community Based Services (HCBS) program evaluator. The center will continue to honor the agreement to provide an 11.44% increase to staff salaries and any shortfall in ABX2-1 funding would be covered by our regular operations budget. Although we have received our intent letter from DDS, we have not received our C-1 contract amendment to execute. Currently, the regional center contract is in negotiations with DDS and the funding under the C-1

amendment will not be available for the center's use until such time the C-1 contract amendment is amended.

2. FY 2013-14 Year End Report: The FY 2013-14 contract year has been closed out by DDS effective June 30, 2016. Kim presented the final year end FY 2013-14 financial report that demonstrated our actual allocation as compared to our actual year-to-date expenditures.

D. 4<sup>th</sup> Quarter Financial Graphs

1. The graphs show how the center's POS deficit changed each quarter of FY 2015-16 in the best case and worst case. There was no deficit reflected in the first quarter, because we had not yet completed our SOAR. Starting in October 2015, we began to report a deficit between \$14.7 and \$19.4 million which has continued to decrease each month. At the end of June 2016, the POS deficit was ranging between \$5.8 and \$6.1 million.

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

By fiscal year, the amount of cash disbursed by NLACRC but not reimbursed by ICF providers is:

1. FY 2016-17: \$ 627,586
  2. FY 2015-16: \$2,589,761
  3. FY 2014-15: \$ 17,272
  4. FY 2013-14: \$ 25,609
  5. FY 2012-13: \$ 3,543
- Total: \$3,263,771

This is an increase of \$648,896 since last month's report.

F. Contracts

1. Contracts for Review and Recommendation

Summaries of the following contracts were provided to the committee.

- a. The Adult Skills Center (TASC)

**M/S/C** (J. Glover/D. Newman) To recommend to the Board of Trustees to approve the contract with TASC, as presented.

- b. Holwick Constructors, Inc.
- c. Convergent Technologies LLC – 1<sup>st</sup> Amendment
- d. Convergent Technologies LLC – 2<sup>nd</sup> Amendment
- e. Spinitar
- f. Xerox Corporation

The 5 contracts listed above all pertain to the move of the center's main office to the new Oakdale location and Kim asked that the committee recommend their approval to the Executive Committee for approval, on behalf of the Board of Trustees.

**M/S/C** (J. Glover/D. Becerra) To recommend to the Executive Committee to approve the 5 contracts related to the Oakdale move on behalf of the Board of Trustees.

- g. Board Resolution for Contracts Related to Office Relocation

Now that we are getting close to actually moving to the new location, decisions are now being made on a near daily basis. As such, Kim asked the committee to recommend to the Executive Committee to approve a board resolution that would give one of the center's officers the authority to execute agreements, amendments, or change orders for the relocation so that the relocation timelines are not delayed.

**M/S/C** (D. Becerra/D. Newman) To recommend to the Executive Committee to approve the board resolution on behalf of the Board of Trustees.

## 2. Contracts – Other

- a. Contracts Executed by NLACRC for Minimum Wage Increase
- b. Contracts Executed by NLACRC for 5.82% Rate Increase
- c. Contracts Executed by NLACRC for AB1522 (Sick Leave)
- d. Contracts Executed by NLACRC for ABX2-1

Kim provided the committee with updated information on these payment increases for our service providers.

## 3. Contracts – Updates

- a. IVA: IVA provides a monitoring service in each of NLACRC's private elevator lobbies in the event both the elevators become inoperable and the fire doors lock. The monitoring service is mandated by Building & Safety in order to obtain the occupancy permit. IVA was not willing to take any liability for any negligence on their part, stating that their insurance would not provide coverage. The center has negotiated a 12-month lease with Cresa to provide the center with access out of the elevator lobbies at the new location in case of an emergency.
- b. Marcum Financial Services, LLC: We have received the engagement letter and tax engagement letter from Marcum and we are currently negotiating and finalizing the terms of the agreement with Marcum. Once the terms of the agreement are finalized, Kim will have Lou Paparozzi execute the 2 letters. Marcum is honoring the previous agreement with Lautze & Lautze to keep the cost of the independent audit and tax returns for FY 2015-16 the same: \$66,500.00 for the audited financial statements and \$5,800.00 for tax preparation services. The Board of Trustees authorized the execution of the agreement between Marcum and NLACRC on June 8, 2016.
- c. Santa Clarita Valley (SCV) Office Suite 120 Commencement Date: The commencement date for the 1,456 of additional space in our SCV office is September 1, 2016.

G. Monthly Report on the Oakdale Move

Kim gave the committee an update on the move. Photos of the new location and its signage along with the property owner's rules were provided to the committee. Everything is right on schedule and we should be completely moved in and ready for business on Monday, October 3<sup>rd</sup>. Debra noticed that in one of the signs, the center's name was considerably smaller than the "Private Road" lettering.

**Action:** Kim will request the center's office services manager to contact our landlord about increasing the font size of NLACRC's signage on the private road sign.

H. Audit Update

1. Berkshire Hathaway: Annually, the center's workers compensation carrier conducts an audit to verify prior fiscal year payroll amounts, since actual

payroll costs affect our worker's compensation premium. The auditors from Berkshire Hathaway were here today to audit the center's FY 2015-16 payroll records and based on the auditor's preliminary findings, we don't anticipate any significant changes in the amount of our worker's compensation premium for FY 2015-16.

2. California State Auditors: As reported earlier, NLACRC was one of the 5 regional centers randomly selected for an in-home respite audit by the California State Auditors. The audit was conducted in June and the auditors have been conducting some follow-up since their site visit at NLACRC. The following meetings have been scheduled with the California State Auditors:

- September 14<sup>th</sup>: Pre-exit meeting to discuss any findings.
- September 28<sup>th</sup>: Exit meeting.
- October 5<sup>th</sup>: Draft report is made available.
- October 11<sup>th</sup>: Our input on the draft report is due.
- October 25<sup>th</sup>: The final report is made available.

Kim reported that Title 17, Section 56800, requires all in-home respite providers to conduct a self-assessment and submit a written summary of their evaluation on an annual basis to the regional center. NLACRC has not been collecting this information from our in-home respite providers and this may be an audit finding identified by the CA State Auditors. Kim reported that she will be working with Yolanda Bosch, community services director, to implement and comply with this regulatory requirement.

3. Payment Error Rate Measurement (PERM): The Center for Medicaid and Medicare Services (CMS) audits state agencies every 3 years to review their billing for federal dollars. The PERM program reviews payments made to state agencies during a federal fiscal year (October through September) and is designed to measure improper payments made to state agencies. DDS will be audited by CMS and DDS reported that approximately 12 to 16 regional center claims will be randomly selected over the review period of October 1, 2015 through September 30, 2016. For each sampled claim regional centers will be required to send records such as Individual Program Plans (IPPs), attendance records, and case management notes to the CMS via DDS. In the event NLACRC is selected for this audit, Donisha White, federal revenues supervisor, has been assigned as the point person for NLACRC.

I. Request for Proposals (RFP) for CPA Firm

Regional center must change their CPA firms every 5 years. Kim presented the committee with a proposed timeline for this process for the committee's review and consideration. The first task would be to present the final version of the RFP timeline to this committee at the September 28<sup>th</sup> meeting for review and recommendation to the Board of Trustees.

**Action:** Committee members should review the proposed timeline and contact Kim with any comments or input prior to the next Administrative Affairs meeting on September 28, 2016.

J. Social Security Administration (SSA) Update

NLACRC is the payee for about 1,500 consumers. The SSA recently began using a new computer system which is incorrectly reporting that the center owes SSA a refund for several beneficiaries who have passed away. Unfortunately, SSA has frozen all transactions involving NLACRC, such as representative payee changes, until this matter is resolved. We are currently investigating this issue with our local SSA office as we are not certain of the number of consumers affected by this action by SSA. At this time, we are only aware of 1 consumer affected by this issue; however we have reason to believe it could affect several other consumers. As we have further information about this situation, we will provide the committee with updates.

K. Human Resources Report

Copies of the summary were provided and reviewed. The summary included the following information:

1.	FY 2016-17 authorized positions	452
2.	Open positions on hold	-1
3.	Open positions vacant	-28
4.	Separations	-2
5.	Sub-total	421
6.	New hires	6
7.	Positions filled	427

The center is finalizing its hiring/staffing plan for this fiscal year. The center was given additional funding to enable the center to hire 17 additional Medicaid waiver positions to bring down those caseload numbers. The center was also

given additional funding for 3 new positions and those job descriptions are being developed.

## **V. Items for the Next Board Meeting**

The following items were identified for the committee's section of the September 14<sup>th</sup> board meeting agenda:

- A. Minutes of the August 31<sup>st</sup> Meeting
- B. Financial Report
- C. 4<sup>th</sup> Quarter Financial Graphs
- D. Approval of Contract

## **VI. Announcements/Information/Public Input**

- A. Next Meeting: Wednesday, September 28<sup>th</sup>, at 6:00 p.m. (Van Nuys)

## **VII. Adjournment**

Lou adjourned the meeting at 7:59 p.m.

Submitted by,

*Jennifer Kaiser*

Jennifer Kaiser  
Executive Assistant

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