



GRAND TRAVERSE DEMOCRATS

## The Beacon Newsletter

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*Stay Informed, Be Empowered*

### **The End of Summer Has Arrived**

**Tuesday September 5, 2023**

#### **BOC to Discuss Pavilions Finance, County Audit and Honor Retiring Sheriff**

by Linda Pepper

This Wednesday the meeting agenda is rather light but extremely important. The Consent Agenda is very bland. I do question when the search for a new CEO for Northern Lake Community Mental Health Authority will commence. They have appointed NMRE (Northern Michigan Regional Entity - They manage Medicaid funding for 21 counties) to perform the search for them. In the July minutes, they stated “some other important things need to take place before the CEO search can take place”. There is an interim CEO, Brian Martinus, from NMRE who seems to be leading the authority in a positive direction. The rest of the consent agenda is all normal requests.

There will be the 2022 audit presentation by the auditing firm and there is a power point included in the agenda. I have not seen this type of audit presentation before, so I will be interested in the explanation and the purpose. That is under Special Orders of Business. Next is a verbal report on Resource Recovery that concerns hazardous waste collection and disposal as well as other topics.

The major discussion will be about an Ad Hoc committee to deal with the financial challenges occurring at the Pavilions (see [Pavilions Begins Climb Out Of Financial Distress](#) below for full discussion). There is a large attachment and I would start on page 88. The first column (Translated Debit Amount) is the money that the Pavilions must pay for payroll and for vendors. The second column (Translated Credit Amount) is the income for the Pavilions. The last column shows the money they have or don't have in their checking account. I sincerely hope that the BOC will do all in their power to help the Pavilions regain their financial footing and continue their irreplaceable service to our community.

There will be a Sheriff Recognition Presentation. Here is the link to the Saturday Sept 2nd Record Eagle article. [https://www.record-eagle.com/news/local\\_news/sheriff-retires-bensley-looks-back-on-15-years-as-law-enforcement-leader/article\\_c1a4d7bc-48d6-11ee-b8c1-03edaef332be.html](https://www.record-eagle.com/news/local_news/sheriff-retires-bensley-looks-back-on-15-years-as-law-enforcement-leader/article_c1a4d7bc-48d6-11ee-b8c1-03edaef332be.html) See you Wednesday.

## Pavilions Begins Climb Out Of Financial Distress

by Linda Pepper

Thursday morning August 31st, the DHHS Board discussed the current financial situation and the possible solutions with Rob Long, a representative of Plante Moran, the financial consulting firm they hired at the end of last year. Rose Coleman, CEO, Lindsey Dood, financial officer, Cecil McNally, Board Chair and Gordie LaPointe, Board Member met for 2 days with Mr. Long to see what steps they could take to move the Pavilions into proper financial shape. They reached a possible set of changes that could accomplish this but are not yet set to release the complete details. But they do see financial stability in their future.

The situation is a common problem. Many skilled nursing facilities are facing these challenges in the aftermath of the Covid pandemic. Numbers of residents are down and costs have increased. Before the pandemic, the Pavilions had 240 beds in use but now their census is running around 135. They projected 155 for this budget cycle. They have assisted living at The Cottages (59 residents currently) including dementia care as well as rehab services both in-patient and out-patient. They have a high percentage of Medicaid patients and they are reimbursed only after the care is given.

In the past, the Pavilions had received payments which did not cover their costs from Medicaid, with the promise of paying the excess later. Starting Oct 1st (and being paid in November) they will have a predictable rate payment timeline. They will receive about 1.15 million from Medicaid this fall for previous excess costs.

The Pavilions has applied for about \$6 million in reimbursement from Employee Retention funds. They had expected the money this fall. This week Plante Moran reported that two similar applications were denied and are in the process of appealing the decisions. Plante Moran still does expect the Pavillions to be successful in the audit but it may require appeals. Appeals may delay payment.

Since April, Grand Traverse County has helped with cash flow and advanced funds to help pay the Pavilions payroll and other invoices. As of Thursday Aug 31st, the amount advanced was \$3.5 million. They did approve an agreement with the county to repay the money with interest. The DHHS Board also approved increases in rates at the dementia unit in Willow cottage and in the 2 assisted living cottages, Hawthorne and Evergreen.

More details of the plan to become financially healthy will be presented at the GT BOC meeting on September 20th. All members of the DHHS Board are asking for more clear financial reporting to them and to the BOC at the September meeting. Plante Moran is assisting them currently and has improved the financial planning. They may need more financial management assistance to right the ship.

The current financial report is murky to say the least and has obscured the true situation. I know the DHHS Board and the Pavilions staff are truly working to rectify this situation and continue providing services to the elderly of the area in a beautiful building and setting.

## Pavilions in Cash-Flow Crisis

From Recap of Aug. 16th Meeting

In the April 19th BOC meeting, the topic of cash flow problems at the Pavilions was mentioned. The result was the administrative staff was instructed to communicate with the Pavilions financial person and come back to the GT BOC if the county needed to help the Pavilions temporarily.

Between April and now, the administrator and other staff met with the Pavilions' financial person Lindsey Dood and the DHHS Board Chair Cecil McNally to review the problems. The Pavilions expects about \$10.3 million to be paid soon from the Employee Retention Funds during the pandemic and for other reimbursement from Medicaid. But their number of patients and the funds being currently paid was not enough to cover their payroll and expenses. The county made funds available to the Pavilions to pay these bills. The number currently totals \$3.5 million.

There are several issues:

- Will the Pavilions pay back this money with enough interest? (Yes. They have an agreement)
- How will the Pavilions get their income and their expenses to equal out monthly?
- While Grand Traverse County must pay these bills to protect the county's credit rating, how much supervisory control does the BOC have over the DHHS Board?
- Is the only control the GT BOC can exert is to remove the 2 DHHS Board members that they appoint and replace them?
- When will the Pavilions have a viable business plan?

The BOC has instructed the DHHS Board members that they appoint (Cecil McNally and Gordie LaPointe) to bring such a plan to the September 20th meeting. It is worth noting that Brad Jewett, who does own a nursing home, said 5 different times that he does not want to buy the Pavilions. That is a rather limited statement and does not reflect all the motivations he may bring to the discussion.

I do know that the DHHS Board is actively seeking help and hired Plante Moran as a consultant last year. There is a Pavilions Board meeting on August 31st that I attended and reported on above in this issue.

## August 16 BOC Meeting Recap - Anything but Boring

by Linda Pepper

The August 16 BOC meeting included a checklist of accomplishments from Representative Coffia, a stark look at the MERS pension funding after a bad year for investment performance, a party-line vote on fees for per diem submissions (see [Ca\\$hing in: BOC Drags Feet on Transparency and Accountability below](#)) and a look at the management, board oversight, and financial problems at the Pavilions (see [Pavilions Begins Climb Out Of Financial Distress above](#)).

## **Representative Coffia Checks off Airport and Other Legislative Accomplishments**

Representative Betsy Coffia reported to the BOC about topics from her first 8 months in office that had relevance to the BOC and her years serving on the GT BOC. She invited them to answer her constituent survey as that will guide her priorities in the fall. Here are some highlights:

- The Cherry Capital Airport and the Grand Rapids airport asked for an exemption to expand their support for their employees health plans and this bill had a hearing. It may be passed this fall.
- The recent Andary court decision on No Fault insurance reimbursement restores pre-reform care to people injured before the law was changed. A packet of bills sponsored by Julie Rogers from Kalamazoo will be proposed to undo the unintended consequences of the reform. It is expected to have bipartisan support.
- The Veterans' Trust Fund currently can only help veterans who served in wartime but needs to include peacetime vets also. This will probably be in a future budget bill.
- Rep. Coffia is part of a work team to include the legislature and the governor in the Freedom of Information Act as in all other states.
- She and Senator Damoose worked together to get \$15 million for the Freshwater Research and Innovation Center which will bring well paying jobs to our area.
- The budget included \$800K for Leelanau County to help startup child care providers in all three counties and Rep. Coffia is in a workgroup that is trying to simplify some requirements for these providers.
- Housing North has \$300K to employ at least 2 more staff to help the Housing Ready program for townships and others to welcome workhouse housing developers.
- Brownfield funding can now be used for housing.
- There is now easier reciprocity for teachers and mental health workers to move their license to Michigan.
- School mental health and safety initiatives will receive \$300 million in this year's budget.
- Michigan Reconnect to help people to finish Associates Degrees and Certification has been lowered to 21 years from 26 years.

Rep. Coffia answered questions about a Regional Center for juveniles in legal problems and about the implementation of the nine days of early voting. They are both local control challenges.

## **Pension Investments Drop \$20 million**

### **Forecast: \$3.5 to 6 Million Annual Payments Are Coming**

By Bruce Moore

Every year the Michigan Employees Retirement fund reassesses the projected amount of money needed to cover pensions that are part of employees' contracts. Dating back to about 2005, the County only funded approximately 50% and owed at least \$50 million by 2021 when the BOC voted to issue bonds to fully fund the pensions. In 2022, the investment portfolio dropped about 20%, creating about \$20M in unfunded pension liability.

The actuarial analysis used by MERS smoothes the investment losses over several years, so the legally required minimum payment isn't \$20M this year, but is forecasted to ramp up from \$285K in 2023, to approximately \$3.5M per year for 2026 through 2033—assuming a 7% annual investment return. The \$3.5M per year is over and above the pension bond payment. Assuming a 5% annual investment return almost doubles the required payment to \$6 million per year.

Prior to issuing the pension bonds, the GT BOC purchased modeling software and consulting services from GovInvest to allow “what-if” forecasting of pension obligations and investment performance. In addition to the legally-required report from MERS, staff prepared additional forecasts and visualizations that provide easier to understand charts compared to the legally-required reports from MERS.

Staff previously budgeted \$1.3M for a Pension Stabilization Fund which would meet the initial minimum legal requirement. However, if investment performance does not bounce back in 2023, the County will need to find several million dollars to resume significant pension funding in 2024.

## Ca\$hing in: BOC Drags Feet on Transparency and Accountability

By Linda Pepper

By requiring fees for FOIAs of per diem submissions, and dragging out the ad hoc committee to review per diem policy, the BOC continues to make it clear that accountability and transparency are great—just not for the BOC.

### BOC Requires Fees for FOIAs of Per Diem Filings

Bruce Moore has FOIAed per diem submissions of the BOC beginning when they raised the rates in the last meeting of 2022. He has usually not been charged for this information or it has been a nominal amount. The latest bill was \$66. It is legal to charge for FOIA requests as staff time is necessary to find, to review and to copy it. The county is allowed to waive fees if the request is in the public interest, as this certainly is.

Bruce appealed the charge, which appeared on the August 16 BOC agenda. The BOC voted along party lines to charge the full fee this time, anticipating that some mechanism to make this information easily accessible to the public would be adopted after the upcoming Ad Hoc meeting.

### Per Diem Ad Hoc Committee Meets for 10 Minutes

The ad hoc committee for per diem policy meeting on Monday August 28th was adjourned after two public comments and approving the minutes from the June 26 meeting. The adjournment occurred because Scott Sieffert could not be there due to a work commitment. They will reschedule for the second week of September. Here is the link to the DRAFT revisions to the policy in the agenda.

<https://grandtraversecounty.civicweb.net/Portal/MeetingInformation.aspx?Org=Cal&Id=451>

My Public Comments were:

- Thank you for removing this unhelpful phrase: “The Board defers the judgment of per diem qualification to the individual commissioners”.
- A technical comment on detailing mileage.
- I suggested that only one half day per diem should be allowed in a 4 hour period. So if a commissioner attends two township boards in one evening, he/she submits only one per diem.
- I suggested that a mechanism for public access to the per diems should be included. They said that was supposed to be discussed at this meeting. I think \$60 per month is excessive.

We will publish when the next meeting is scheduled and will follow this closely.



## LINDA'S COLUMN

I would like to recommend a podcast to you. It is produced by the progressive activists at Red Wine & Blue Studios. It is a four-episode series covering the impact of active shooter drills on our children and the deep problems with school vouchers. There is an episode on how Anti-Trans bills are harming LGBTQ+ youth as well as all students. The final episode is on the school board culture wars and book banning.

I am well informed about these topics and I learned new information. They are about 30 to 40 minutes long and you can search for The Cost of Extremism on your podcast provider. It is worth your time.

I was an MEA member and that union has contributed greatly to my happy and active retirement. I also was defended when the local school board president in the UP was unhappy that his cheating kids were held to the same standards as everyone else. With no union, I would have been gone. I do thank the unions for our middle class and I am encouraged that union membership is increasing. Happy Labor Day.

I will be on vacation in Iceland from Sept 9 though 24. My daughter and I are renting a motorhome and will spend two weeks driving the Ring Road (800 miles). We will end in Reykjavik and see the sights there. I expect to see so many waterfalls that they will become boring, as well as glaciers, geysers and non-erupting volcanoes.

Harold, Bruce, Jim and my friend Sylvia McCullough will put out the next Beacon. I hope I still have a position when I return.

Keep up the good fight. Our wonderful country is worth it.

## HELPFUL LINKS & INFO

BOC meetings are usually held at 9 a.m. on the first and third Wednesday of the month.

You can find a link to the agenda and minutes at:

<https://grandtraversecounty.civicweb.net/Portal/MeetingInformation.aspx?Org=Cal&Id=418>

You can watch a livestream of the meetings and view replays of previous meetings online at:

<http://www.co.grand-traverse.mi.us/184/Board-of-Commissioners>

You will have to attend the in-person meeting in order to make a public comment. The BOC permits public comment for three minutes at the beginning and end of each meeting.

The BOC has nine commissioners – six Republicans and three Democrats – each of whom represents a district. You can find your commissioner at this link:

<https://www.grandtraversedems.com/boc>

You can find contact info for the BOC members here:

<http://grandtraverse.org/184/Board-of-Commissioners>

You can email all the commissioners at this address:

[commissioners@gtcountymi.gov](mailto:commissioners@gtcountymi.gov)