

**VALLEY HI COMMITTEE**  
**McHenry County Government Center – Administration Building**  
**667 Ware Road**  
**Woodstock IL 60098**

MINUTES OF THURSDAY, AUGUST 9, 2007

Chairman Zierer called the Valley Hi Committee meeting to order at 8:30 a.m. The following Committee Members were present: Mary Lou Zierer, Chairman; Ed Dvorak; Jim Heisler; James Kennedy; Mary McCann and Dan Shea. Pete Merkel arrived at 8:32a.m. Also in attendance: Peter Austin; County Administrator; Ralph Sarbaugh, Associate County Administrator – Finance; John Labaj, Deputy County Administrator; Jim Bernier; Auditor; Ken Koehler, County Board Chairman; interested public and the press.

	Mary Lou Zierer, Chairman
Ed Dvorak	James Heisler
James Kennedy	Mary McCann
Pete Merkel	Dan Shea

MINUTES

Mr. Shea made a motion, seconded by Mr. Heisler to recommend approval of the Valley Hi committee minutes of July 26, 2007 as presented. The motion carried with all members present voting aye.

Pete Merkel arrived at 8:32a.m.

PUBLIC PARTICIPATION

None

PRESENTATIONS

*Financial Report:* Mr. Sarbaugh joined committee members and provided documentation to shed light on some of the positive issues and address areas of concern noted in the Management Audit. Mr. Sarbaugh stated he has been working with staff at Valley Hi to get on top of the issues and noted he has always been involved with Valley Hi. He stated he has been working more closely with staff by looking at how they are handling their work and shifting responsibilities when needed. Mr. Sarbaugh started with a review of the Revenue and Operating expenses for the year. Mr. Koehler stated that Valley Hi is not the only institution dealing with agency costs. Committee members were reminded that the public backed the County for the Nursing Home. The County knew there would be costs to incur before the opening of the new facility. They did not expect the home to open 1 ½ years later than expected. The County also knew they wanted to focus on the business decisions at that time because that is when they ordered the Management Audit for Valley Hi. Chairman Koehler stated that Valley Hi is a business, but, we cannot change the mix of the residents. We have to move slowly and learn from the information received in the Audit. The facility will never be a private pay facility but the audit allows the County to move forward and figure a dollar amount to dedicate to indigent care based upon the expenses for the facility. When an amount is decided on, the county would be able to move forward with a business plan. Historically, Valley Hi has never broken even and has always been supported by the tax payers. The audit highlighted the need to increase revenue and showed missing opportunities to increase the revenues. Mr. Austin pointed out the County is fortunate as Mr. Sarbaugh understands the cultural at Valley Hi and can concentrate on the financial side of Valley Hi. We are now able to take a proactive approach to guarantee service will continue at Valley Hi for the next 10 years. Collections have increased since we have requested the involvement of the State's Attorney. The balance sheet information was received from the Valley Hi software. Medicaid receivables will be discussed at the next committee meeting. Committee members reviewed expenditures vs budget, year to date. The purpose of the report is to show the true expenditures at Valley Hi. One of the largest changes continues to be the need to reduce agency staffing. Committee members could see the decrease in use of agency staff at the beginning of the incentive program. A problem was discovered whereas only 5 nurses were putting in a full time schedule of 37.5 hours per week. The rest of the nursing staff was working only 31 hours, just enough to qualify for benefits. A change was recently implemented where the nurses will be required to work a 40 hour week. This should reduce some of the agency costs. The last increase Valley Hi has seen from the State was four years ago. Obviously, these increases are not keeping up with inflation costs, which are beyond our control. Concern over the business office in FY05 and again in FY06, but, the FY06 letter does show progress in all areas. Valley Hi has made a lot of accomplishments and they are now poised to move forward. The office had incurred additional work load this year with 4 large audits requiring additional work load by the office staff. Mr. Sarbaugh noted they have resolved and reorganized a lot of the business office issues and everyone is working hard to resolve the issues noted in the management letter. Meetings have been held weekly with the business office staff and management to see what changes can be made immediately and what issues still need to be resolved. Communication is great at this point but they are in need of strong leadership to carry them through these issues. Issues that can be dealt with, including, but not limited to staffing levels, mix of residents, nursing staff as well as agency staff costs, and the elopement issues. The bigger issues will be dealt with by a new Administrator. Mr. Sarbaugh noted that the business office staff is not opposed to change, but noted the need of a strong leader to help them through the needed changes.

The residents are uneasy because of the unknowns and need to be reassured that their quality of life will continue. Committee members thanked Mr. Sarbaugh for his hard work at Valley Hi.

#### NEW BUSINESS

*Discussion of options for future management of Valley Hi:* Committee members entered into discussion regarding the future management options for Valley Hi. Mr. Austin noted there are three options to consider, the first one being the County could keep the process as is with the County in charge of hiring the next Valley Hi Administrator, the second option would be to hire a firm to create a business model with them hiring an Administrator for Valley Hi to carry out the business model or to hire a firm to run Valley Hi where they would hire an Administrator, under contract with the management firm. Mr. Austin noted this third process has worked well for DeKalb County. He noted he has spoken to MPA and additional firms interested in this option. The last resort would be to offer Valley Hi up for privatization. Committee members were informed that the former County Board Chairman, Mike Tryon and Chairman Zierer had looked at hiring a firm to manage Valley Hi at the time Mr. Wenberg was hired. They had determined that wasn't a good fit at the time for the county. The majority of the committee members felt the hiring of a firm would be good for Valley Hi at this time. The County Board would still be the ultimate authority for the decisions at Valley Hi, but, a Management firm would hire the Administrator, with the firm backing. The firm is up to date with all regulations and would make recommendations to the County Board. The majority felt proposals should be researched for the hiring of a management firm for three years. Some members felt all options should be researched thoroughly before making a decision. It was suggested that the County Board hold a COW (Committee of the Whole) to discuss this topic and have all the options reviewed by the entire County Board. Action could then be taken with direction by the County Board. It was noted that a recommendation could be forwarded to the COW from the Valley Hi committee. Again it was noted that all options need to be reviewed, with costs to make an informed decision. After a lengthy discussion, Ms. McCann made a motion, seconded by Mr. Heisler, to consider the hiring of a management firm for Valley Hi for 3 (three) years, to manage Valley Hi and to solicit proposals from qualified management firms. The motion carried on a roll call vote with six ayes (Dvorak, Heisler, Kennedy, McCann, Merkel, Zierer) and one nay (Shea). It was suggested that the COW meeting be scheduled one hour prior to the next County Board meeting with the recommendations of the committee.

Mr. Dvorak left committee at 10:00a.m.

#### OLD BUSINESS

None

#### EXECUTIVE SESSION

Mr. Heilser made a motion, seconded by Mr. Kennedy to enter into executive session at 10:01 a.m. to discuss personnel and review executive session minutes. The motion carried with all members present voting aye on a roll call vote (Heisler, Kennedy, McCann, Merkel, Shea, Zierer)

Mr. Shea made a motion, seconded by Mr. Kennedy to return to regular session at 10:18 a.m. The motion carried with all members present voting aye on a roll call vote (Heisler, Kennedy, McCann, Merkel, Shea, Zierer)

Chairman Zierer noted that no action was taken while in executive session.

#### REPORTS TO COMMITTEE

Mr. Austin reported that the outstanding construction issues are being taken care of at Valley Hi. A closeout meeting was held and the State's Attorney has requested the final payout request from Maggio, with negotiations. The pending issues will be discussed at that time.

Chairman Zierer has requested the Director of Nursing, Deb Randals, attend the next committee meeting to answer questions on the working hours for the nursing staff.

Committee members were reminded that carpets at Valley Hi are being cleaned on a monthly basis. This expense has not been budgeted for. Staff is keeping a log on how much time is being spent on spot cleaning the carpets. One of the major concerns is odors from some of these areas. Valley Hi has always been known for not having odors in the facility and it is now an issue. A carpet is also already fraying and showing signs of wear on an area by the elevator. Committee members questioned if the carpet should be removed. The consensus of the committee was to wait until new management is in place to address the carpet concerns. It was suggested that the county check with other facilities to see what type of schedule they have in place to address carpet cleaning process.

Mr. Labaj reported that bids have been sent out to place a fence around the retention pond at Valley Hi. Concerns were voiced about the possibility of residents getting out and falling into the pond or a visitor falling into the pond so

the County has taken a proactive approach to address the fencing issue. An estimate has been received for \$15,000 and Valley Hi may need a one time budget adjustment to handle this unforeseen expense.

Committee members were informed that an additional Valley Hi committee meeting may be needed to hold their budget meeting. Committee members noted that since the committee would only need to approve the maintenance budget, they suggested the budget be forwarded to the Finance Committee for approval with copies of the maintenance budget placed in their mail boxes for review. Any questions concerning the budget could be forwarded to Mr. Sarbaugh or the Finance Committee.

Committee members questioned if Valley Hi would be scheduled for a building commissioning. It was noted that the Finance Committee did not approve this request and this would be discussed in the Building Projects Committee.

Committee members questioned if the phones at Valley Hi are being answered during the off hours by the Andy Frain guards. Committee members were informed that the guards only answer phones that the nursing staff are unable to.

Mr. Heisler made a motion, seconded by Mr. Kennedy to recommend the executive session minutes of January 11, 2007, April 12, 2007 and July 26, 2007 be approved for review by the State's Attorney's office. Committee members noted these minutes are not approved for release, just approved to be reviewed by the State's Attorney. The motion carried with five ayes (Heisler, Kennedy, McCann, Merkel, Zierer) and one nay (Shea)

COMMITTEE MEMBERS COMMENTS

None

ADJOURNMENT

Mr. Kennedy made a motion, seconded by Mr. Heisler to adjourn the meeting at 10:35a.m. The motion carried with a unanimous voice vote.

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**RECOMMENDED FOR COMMITTEE/BOARD ACTION:**

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