



BOARD OF COMMISSIONERS

1 S. Main St., 9th Floor
Mount Clemens, Michigan 48043
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NOTICE OF MEETING

There will be a meeting of the **BOARD OF COMMISSIONERS** on Thursday, June 16, 2016, at 7 p.m., **at Oakland University Anton/Frankel Center, 20 S. Main St., Room 126**, Mount Clemens (across the street from the Administration Building).

(Invocation this month is by Commissioner Don Brown)

PRELIMINARY AGENDA

1. **Presentations:**
 - a) Proclamation to Laura Rios
 - b) Proclamation to Wakely Associates
 - c) Proclamation to Wayne Oehmke
2. Correspondence from Executive
3. **COMMITTEE REPORTS:**
 - a) Infrastructure/Economic Development, June 14 (to be provided)
 - b) Finance, June 15 (to be provided)
4. Board Chair's Report (to be provided)

MACOMB COUNTY BOARD OF COMMISSIONERS

David J. Flynn – Board Chair
District 4

Kathy Tocco – Vice Chair
District 11

Steve Marino – Sergeant-At-Arms
District 10

Andrey Duzyj – District 1
Don Brown – District 7

Marvin Sauger – District 2
Kathy Vosburg – District 8

Veronica Klinefelt – District 3
Fred Miller – District 9


Robert Mijac - District 5
Bob Smith – District 12

James Carabelli – District 6
Joe Sabatini – District 13

**BOARD OF COMMISSIONERS
PRELIMINARY AGENDA
JUNE 9, 2016**

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5. Presentation on Martha T. Berry 2015 Q4 and 2016 Q1 Quarterly Reports and Five-Year Capital Improvement Plan/Kevin Evans, MTB MCF Interim Administrator (page 1) (attached)
6. Approve Martha T. Berry Five-Year Capital Improvement Plan for 2016-2020 (page 5) (attached)
7. Mid-Year Update on Capital Improvement Plan/Steve Smigiel, Finance Director and Mark Deldin, Deputy Executive



**Corinne Bedard
Committee Reporter**



Since 1950

MACOMB COUNTY
Martha T. Berry
 MEDICAL CARE FACILITY
Celebrating 65 Years of Service

43533 Elizabeth Road | Mount Clemens, Michigan 48043
 Phone: 586-469-5265 | www.marthatberry.org

Governing Board

Roger Facione
 Penny Hader
 Janice Nearon

Interim Director

Kevin Evans

Thursday, April 28, 2016

To: Macomb County Office of the County Executive

From: Martha T. Berry MCF, Kevin Evans, Interim Director

Subject: 2015 FYE Financial Explanation of Costs Outside of Expectation

An audit of Martha T. Berry's 2015 financials is currently being conducted by the accounting firm of Abraham & Gaffney. Though the audit is not yet complete, the initial findings and adjustments by the auditor presents a loss of \$988,515.

Embedded in this loss are several expenses of note that were unexpected but necessary costs. Transition costs of moving infrastructure from the County to the facility totaled \$505,849. The County Powerhouse project and damage caused by contractors working on the power totaled (conservatively) \$52,004. The auditors also use a different method of calculating Charitable Debt Allowance, which increased this allowance by \$174,405. These three cost areas contributed \$732,258 toward the year-end results

Additionally, the facility invested an unbudgeted \$79,264 in attorney's fees to successfully win a Medicaid Cost Appeal lawsuit. The benefits of this victory will not be realized until later in 2016; as such, there is no offset is in the 2015 financials for this expense.

Combined, the above expenses contributed \$811,522 to the 2015 loss. The remainder of the loss is due to a combination of factors including less revenue than expected, a State of Michigan Plan of Correction requiring repairs and improvements to the building, and other minor expenses.

Feel free to call me if you would like more information on any of the above, or need further explanation.

Sincerely,

Kevin W. Evans, NHA, CEA
 Interim Director

Martha T. Berry
Quarterly Revenue and Expenditure Report
Qtr 4 - 2015

Description	2015 Adopted Budget	2015 Amended Budget	Qtr 4 - 2015 QTD Actual	Prior Year QTD Actual	YTD Actual	Prior Year YTD Actual	Variance (+/-)	% Realized
Revenues:								
Charges for Services	\$ 23,181,220.00	\$ 23,181,220.00	\$ 5,447,285.32	\$ 5,899,598.00	\$ 22,756,339.32	\$ 23,296,180.00	\$ (424,880.68)	98%
Reimbursements	\$ 165,000.00	\$ 165,000.00	\$ (192,780.33)	\$ 80,383.00	\$ 333,165.67	\$ 238,571.00	\$ 168,165.67	202%
Other Revenue	5,000	5,000	15,723	50,894	40,716	83,603	\$ 35,716.17	814%
Total Revenues	23,351,220	23,351,220	5,270,228	6,030,875	23,130,221	23,618,354	(220,999)	99%

Description	2015 Adopted Budget	2015 Amended Budget	Qtr 4 - 2015 QTD Actual	Prior Year QTD Actual	YTD Actual	Prior Year YTD Actual	Variance (+/-)	% Utilized
Expenditures:								
Full Time Wages	6,787,847	7,179,371	1,701,530	1,607,609	5,816,538	5,886,630	1,362,833	81%
Part Time Wages	1,461,125	1,461,125	721,880	519,485	2,887,518	2,243,165	(1,426,393)	198%
Overtime Wages	1,049,000	1,049,000	382,726	356,652	1,446,116	1,454,830	(397,116)	138%
FICA/Medicare	711,295	711,295	199,947	188,451	753,018	727,367	(41,723)	106%
Pension/Retiree Health Care	2,556,937	2,556,937	1,304,736	517,332	1,674,000	2,060,268	882,937	65%
Employee Health/Dental/Life Insurance	2,092,154	2,092,154	379,470	408,633	2,097,359	1,681,214	(5,205)	100%
Workers Comp/Unemployment/Other	341,235	341,235	93,775	108,547	221,803	322,005	119,432	65%
Supplies & Services	4,790,785	4,306,785	1,547,299	2,409,221	5,142,590	5,095,913	(835,805)	119%
Conferences & Training	0	0	4,501	1,524	15,016	5,220	(15,016)	0%
Utilities	420,000	468,000	126,768	84,870	397,829	428,678	70,171	85%
Repairs & Maintenance	0	0	56,056	4,350	115,552	28,985	(115,552)	0%
Vehicle Operations	3,600	3,600	1,361	0	2,961	0	639	82%
Contract Services	2,145,656	2,581,718	1,035,472	788,524	3,439,464	2,423,080	(857,746)	133%
Internal Services	791,586	0	0	0	0	0	0	0%
Capital Outlay	200,000	600,000	119,110	69,663	108,973	209,106	491,027	18%
Total Expenditures	23,351,220	23,351,220	7,674,630	7,064,861	24,118,736	22,566,461	(767,516)	103%

Costs Referenced in Attached Letter

Transition from County Services	505,849
County Power Plant Costs	52,004
Charitable Allowance	174,405
Medicaid Cost Appeal	79,264
TOTAL	811,522



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Governing Board

Roger Facione
Penny Hader
Janice Nearon

Interim Director

Kevin Evans

Thursday, April 28, 2016

To: Macomb County Finance Department

From: Martha T. Berry MCF, Kevin Evans, Interim Director

Subject: 2016 Q1 Financial Explanation of Costs Outside of Expectation

The first quarter unaudited financials presents us with a loss of \$305,712. Transition costs of \$104,872 were absorbed this quarter to create a self-managed, secure IT structure. County Powerhouse preparation and surges resulted in an additional expense of \$67,053. These costs contributed \$171,925 toward the loss.

Additional expenses that contributed to the loss - \$88,051 referenced as Building Improvements on the Financial Analysis Report- were boiler and plumbing repairs, water damage repairs and kitchen electrical work repairs. Also, a resident transportation vehicle was purchased for \$23,800.

Combined, the above expenses contributed \$283,776.

Feel free to call me if you would like more information on any of the above, or need further explanation.

Sincerely,

Kevin W. Evans, NHA, CEA
Interim Director

Martha T. Berry
Quarterly Revenue and Expenditure Report
Quarter 1 - 2016

Description	2016 Adopted Budget	Q1 - 2016 QTD Budget	Q1 - 2016 QTD Actual	Prior Year QTD Actual	YTD Actual	Prior Year YTD Actual	Variance (+/-)	% Realized
Revenues:								
Charges for Services	\$ 22,707,594.00	\$ 5,676,898.50	\$ 5,558,179.00	\$ 5,282,363.00	\$ 5,558,179.00	\$ 5,282,363.00	\$ (118,719.50)	98%
Reimbursements	\$ 295,000.00	\$ 73,750.00	\$ 85,714.00	\$ 35,830.00	\$ 85,714.00	\$ 35,830.00	\$ 11,964.00	116%
Other Revenue	\$ 3,200.00	\$ 800.00	\$ 7,340.00	\$ -	\$ 7,340.00	\$ -	\$ 6,540.00	918%
Total Revenues	\$ 23,005,794.00	\$ 5,751,448.50	\$ 5,651,233.00	\$ 5,318,193.00	\$ 5,651,233.00	\$ 5,318,193.00	\$ (100,215.50)	98%

Description	2016 Adopted Budget	Q1 - 2016 QTD Budget	Q1 - 2016 QTD Actual	Prior Year QTD Actual	YTD Actual	Prior Year YTD Actual	Variance (+/-)	% Utilized
Expenditures:								
Full Time Wages	\$ 7,390,500.00	\$ 1,847,625.00	\$ 1,462,009.67	\$ 1,805,272.00	\$ 1,462,009.67	\$ 1,805,272.00	\$ 385,615.33	79%
Part Time Wages	\$ 2,090,500.00	\$ 522,625.00	\$ 630,542.00	\$ 560,791.25	\$ 630,542.00	\$ 560,791.25	\$ (107,917.00)	121%
Overtime Wages	\$ 929,992.00	\$ 232,498.00	\$ 248,926.00	\$ 314,124.00	\$ 248,926.00	\$ 314,124.00	\$ (16,428.00)	107%
FICA/Medicare	\$ 796,441.00	\$ 199,110.25	\$ 163,917.00	\$ 159,286.00	\$ 163,917.00	\$ 159,286.00	\$ 35,193.25	82%
Pension/Retiree Health Care	\$ 1,997,822.00	\$ 499,455.50	\$ 442,916.00	\$ 201,895.00	\$ 442,916.00	\$ 201,895.00	\$ 56,539.50	89%
Employee Health/Dental/Life Insurance	\$ 2,171,240.00	\$ 542,810.00	\$ 467,786.00	\$ 623,008.00	\$ 467,786.00	\$ 623,008.00	\$ 75,024.00	86%
Workers Comp/Unemployment/Other	\$ 356,000.00	\$ 89,000.00	\$ 65,122.00	\$ -	\$ 65,122.00	\$ -	\$ 23,878.00	73%
Supplies & Services	\$ 4,007,077.00	\$ 1,001,769.25	\$ 1,239,647.00	\$ 1,084,667.00	\$ 1,239,647.00	\$ 1,084,667.00	\$ (237,877.75)	124%
Conferences & Training	\$ 51,340.00	\$ 12,835.00	\$ 1,325.00	\$ 3,511.00	\$ 1,325.00	\$ 3,511.00	\$ 11,510.00	10%
Utilities	\$ 468,000.00	\$ 117,000.00	\$ 122,160.00	\$ 103,811.00	\$ 122,160.00	\$ 103,811.00	\$ (5,160.00)	104%
Repairs & Maintenance	\$ 150,000.00	\$ 37,500.00	\$ 192,604.00	\$ 12,115.00	\$ 192,604.00	\$ 12,115.00	\$ (155,104.00)	514%
Vehicle Operations	\$ 5,500.00	\$ 1,375.00	\$ 340.00	\$ 507.00	\$ 340.00	\$ 507.00	\$ 1,035.00	25%
Contract Services	\$ 2,191,382.00	\$ 547,845.50	\$ 783,467.00	\$ 781,123.00	\$ 783,467.00	\$ 781,123.00	\$ (235,621.50)	143%
Internal Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%
Capital Outlay	\$ 400,000.00	\$ 100,000.00	\$ 136,183.00	\$ (14,229.00)	\$ 136,183.00	\$ (14,229.00)	\$ (36,183.00)	136%
Total Expenditures	\$ 23,005,794.00	\$ 5,751,448.50	\$ 5,956,944.67	\$ 5,635,881.25	\$ 5,956,944.67	\$ 5,635,881.25	\$ (205,496.17)	104%

Costs Referenced in Attached Letter

Transition from County Services	104,872
County Power Plant Issues	67,053
Building Improvement Costs	88,051
<u>Resident Transportation Van</u>	<u>23,800</u>
TOTAL	283,776



MACOMB COUNTY, MICHIGAN

Resolution Number:

Full Board Meeting Date:

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RESOLUTION

Resolution to:

Approve the five year Martha T Berry Capital Improvement Plan for the years 2016-2020.

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Introduced By:

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Additional Background Information (If Needed):

The Human Services Board approved a five year Capital Improvement Plan for the Martha T Berry Medical Care Facility (MTB) on May 27, 2016. The County Executive's Office concurs with that plan. The five year MTB Capital Improvement plan will be financed through a combination of Medicare, Medicaid and Private Pay revenues that are received by the facility in its normal course of business as well as \$935,910 from the MTB fund balance that represents surplus General Fund contributions accumulated through 12-31-2008. A representative from Martha T Berry will be available at the meeting to discuss the plan.

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Committee

Meeting Date



Mark A. Hackel
County Executive

MEMORANDUM

DATE: 06/02/2016

TO: Office of County Executive

FROM: Steve Smigiel, Finance Director

RE: REQUEST APPROVAL / ADOPTION OF

SUBJECT:

Martha T Berry Five Year Capital Plan

PURPOSE / JUSTIFICATION:

The Human Services Board approved a five year Capital Improvement Plan for the Martha T Berry Medical Care Facility (MTB) on May 27, 2016. I have reviewed the plan with Deputy Executive Al Lorenzo and we concur with that plan. The plan is ready to be submitted to the Board of Commissioners.

FISCAL IMPACT / FINANCING:

The five year MTB Capital Improvement plan will be financed through a combination of Medicare, Medicaid and Private Pay revenues that are received by the facility in its normal course of business as well as \$935,910 from the MTB fund balance that represents surplus General Fund contributions accumulated through 12-31-2008.

FACTS AND PROVISION / LEGAL REQUIREMENTS (If applicable):

N/A

IMPACT ON CURRENT SERVICES (PROJECTS):

N/A

**Macomb County, Michigan
Martha T. Berry Medical Care Facility
Five Year Capital Plan
2016-2020**

SCHEDULE 1-PROJECTS

DESCRIPTION	ANTICIPATED COST	Status		Funding Requirements				
		SPENT THROUGH 12-31-2015	CURRENT PLAN	2016	2017	2018	2019	2020
Repair and Renovation Projects								
1 Kitchen Renovation	\$ 400,000		\$ 400,000	\$ -	\$ 400,000	\$ -	\$ -	\$ -
2 HVAC Replacement	255,000		255,000	45,000	150,000	20,000	20,000	20,000
3 Laundry Equipment	160,000		160,000	10,000	-	50,000	50,000	50,000
4 Facility Gate Valves	40,000		40,000	40,000	-	-	-	-
5 Generator Replacement	300,000		300,000	-	-	-	300,000	-
6 Security Safety Upgrades	360,000	150,000	210,000	90,000	100,000	10,000	10,000	-
7 Elevator Modernization	470,000		470,000	-	20,000	-	150,000	300,000
8 Fire Panel	80,000		80,000	80,000	-	-	-	-
	2,065,000	150,000	1,915,000	265,000	670,000	80,000	530,000	370,000
Ongoing Maintenance								
1 Carpet/Floor Covering Replacement	100,000	-	100,000	20,000	20,000	20,000	20,000	20,000
2 Exterior Repair	75,000	-	75,000	15,000	30,000	5,000	20,000	5,000
3 Electrical Repair	135,000	-	135,000	50,000	25,000	20,000	20,000	20,000
5 Sidewalk/Curbing/Parking	225,000	-	225,000	180,000	-	25,000	-	20,000
4 Miscellaneous Remodeling	105,000	-	105,000	25,000	20,000	20,000	20,000	20,000
	640,000	-	640,000	290,000	95,000	90,000	80,000	85,000
Technology & Equipment								
1 Hardware Upgraded	85,000	-	85,000	15,000	20,000	20,000	15,000	15,000
2 Infrastructure Upgrades	220,000	-	220,000	100,000	30,000	30,000	30,000	30,000
3 Projects	125,000	-	125,000	125,000	-	-	-	-
4 Contingency	75,000	-	75,000	15,000	15,000	15,000	15,000	15,000
	505,000	-	505,000	255,000	65,000	65,000	60,000	60,000
Grand Total	\$ 3,210,000	\$ 150,000	\$ 3,060,000	\$ 810,000	\$ 830,000	\$ 235,000	\$ 670,000	\$ 515,000

Schedule II - Funding Sources

	Year				
	2016	2017	2018	2019	2020
Fund Balance Forward From Prior Year	\$ 935,910	\$ 550,000	\$ 145,000	\$ 335,000	\$ 90,000
Social Welfare Fund Contribution	424,090	425,000	425,000	425,000	425,000
Total Funding Available	1,360,000	975,000	570,000	760,000	515,000
Less: Current Year Projects	810,000	830,000	235,000	670,000	515,000
Balance Forward to Subsequent Year	\$ 550,000	\$ 145,000	\$ 335,000	\$ 90,000	\$ -

Macomb County, Michigan
Martha T. Berry Medical Care Facility
Five Year Capital Plan - Project Descriptions
2016-2020

BUILDING REPAIR & REPLACEMENT PROJECTS

1. Kitchen Renovation

Needs assessment conducted requires upgrade of current kitchen to eradicate infection control problems and limit risk. Kitchen requires major renovation of dish line, floors, all grease traps and plumbing. Numerous compressors are freezing due to over packing of food and limited space to maintain daily food levels. Standing water issues exist as noted by state surveyors. The project is estimated in early 2017 at an estimated cost of \$400,000.

2. HVAC Replacement

Current boiler unit is rusting out in west mechanical room. A/C roof top unit is running on high pressure and has required numerous service calls and has reached its useful life. HVAC units in east and west stairwell will not maintain temperatures and are causing fire riser to freeze. A budget of \$255,000 has been established for the years 2016-2020.

3. Laundry Equipment

Useful life reached on washing machines and experiencing normal wear and tear, replace bearings. New dryers needed in facility, units will have reached useful life and continuously need repair. A budget of \$160,000 has been established for the years 2016-2020.

4. Facility Gate Valves

Replaces gate valves for water main coming into central and west mechanical room. Needs replacing in order to install new city meter. Currently cannot shut off water to building and would need to shut off entire campus in the event of needed repair. The project is estimated in 2016 at an estimated cost of \$40,000.

5. Generator Replacement

Combine two generators into one down step transformer. Two generators have reached useful life and are unreliable resulting in numerous repairs and outages. The project is estimated in 2017 at an estimated cost of \$300,000.

6. Security/Safety Upgrades

I Visitor implementation to manage visitors in the facility, promote resident safety, and meet reporting requirements. Wander Management System implementation to include upgrades to nurse call lights. This project was started in 2014 and scheduled to be finished in 2016. Installation of new video surveillance system. A budget of \$ \$360,000 has been established for the years 2016-2020.

7. Elevator Modernization

Elevator assessment needed on three Martha T. Berry MCF elevators that have required numerous repairs and are part of the original structure of facility. The elevators are unreliable and need numerous repairs with a shortage of parts available for dated equipment. Two newer elevators need floors replaced and need new transformers to connect to generator. The total cost of this project is estimated at \$470,000 and budgeted in 2017 - 2020.

8. Fire Panel

Funds would be used to replace the current fire panel that is no longer supported and for which parts are unavailable. The current estimate of project is \$80,000 and is budgeted in 2016

ONGOING BUILDING MAINTENANCE PROJECTS

1. Carpet/Floor Covering Replacement Program

Funds are used on an as needed basis based on condition of flooring. Currently front lobby flooring needs complete removal and refinish. Also as renovations occur in offices, new floor covering may be necessary. A budget of \$20,000 per year has been established for each year included in this plan.

2. Exterior Repair

Funds will be used to address any exterior repairs to the structure of the facility including masonry work, roofing, waterproofing, and painting/sand blasting needed to metal structure on top of facility. A budget of \$75,000 has been established for the years 2016-2020.

3. Electrical Repairs

Numerous electrical repairs have gone on in facility to repair electrical problems due to new electrical powerhouse and multiple surges causing fixture/ballasts to fail. All lights on roof need replacing after power surges. Fire exits not properly wired and server room not on generator. Multiple areas not properly grounded and multiple panels need replacing. Transformer replacement that failed and caught on fire during power testing. A budget of \$135,000 has been established for the years 2016-2020.

4. Sidewalk/Curbing/Parking Repair

Priority will be given to those areas presenting safety concerns for residents and visitors and will be completed as part of the 2016 summer projects. Future projects will follow the repair/replacement program used for other County facilities. A budget of \$225,000 has been established for the years 2016-2020.

5. Miscellaneous Remodeling

The purpose of this expense is to cover the expenses of remodeling projects necessitated by a change in the function of the current space, changes in manpower or changes required to adapt to changes of the business. Nursing stations, alcove remodels and front lobby are needing remodeling. A budget of \$105,000 has been established for the years 2016-2020.

TECHNOLOGY AND EQUIPMENT PROJECTS

1. Hardware Upgraded

Funding will be used to ensure that all end user hardware is no more than 5 years old. This would include PC's, laptops, printers, scanners, desk phones, and any other new devices that may replace current equipment. Estimated cost of this program is \$85,000 over the next five years.

2. Infrastructure Upgrades

Funding will be used to upgrade or replace items such as network servers, switches, routers, ups's, and ups batteries. Numerous data drops need to be added to facility. New PBX phone system will be put in place to add additional wireless phones throughout facility. Wireless infrastructure scheduled in 2016. Estimated cost of the program is \$220,000 over the next five years.

3. Projects

Funding will be used to upgrade EMR software applications for Point Click Care to include practitioner's engagement with secure conversation, lab/radiology, and MDS Scrubbing Tool, and will also include additional hardware. Total cost is estimated at \$125,000 in 2016.

4. Contingency

A contingency fund of \$15,000 per year is established to address any important projects that arise that are currently unknown.