



**MINUTES
COMMITTEE OF THE WHOLE
JUNE 17, 2014**

MEMBERS PRESENT

Alden H. Wolfe, Chairwoman
Jay Hood, Jr., Vice Chair
Christopher J. Carey
Harriet D. Cornell
Toney L. Earl
Michael M. Grant
Douglas J. Jobson (Late)
Barry S. Kantrowitz
Nancy Low-Hogan
Joseph L. Meyers (Late)
Patrick J. Moroney
John A. Murphy (Late)
Aney Paul
Ilan S. Schoenberger
Philip Soskin
Frank P. Sparaco
Aron B. Wieder

OTHERS PRESENT

Laurence O. Toole
Mary Widmer
Elana L. Yeger, Esq.
Stephen J. Powers, Esq.
J. Guillermo Rosa
Susan Sherwood
Thomas Humbach
Stephen DeGroat
Donna Pauldine
Paul Brennan
Joan Silvestri
Robert Bergman

Chairman Alden H. Wolfe called for the Legislature to move into the Committee of the Whole at 6:11 p.m.

Legislator Michael M. Grant moved to convene as a Committee of the Whole, which was seconded by Legislator Patrick J. Moroney and passed unanimously.

The Legislature now resolved itself into a Committee of the Whole, Chaired by Alden H. Wolfe to discuss the following:

A. COMMITTEE OF THE WHOLE

1. **Referral No. 4065 - Discussion:** A Local Law Amending The Rockland County Charter. (Introduced by: Hon. Alden H. Wolfe)

DISCUSSED

2. **Referral No. 4065 - Discussion:** Presentation by the Executive Administration

J. Guillermo Rosa, Chief of Staff, reviewed the following presentation:



COUNTY EXECUTIVE OFFICE



Operational Update Brief to the Legislature

- * Partnering with the Legislature
- * Delivering Services
- * Reducing Expenses
- * Transparency



Operational Update Brief to the Legislature

WHY NOW



- Recent events create the need to develop options
- Unity of government
- Streamline decision making process



Operational Update Brief to the Legislature
LDC



- Process/Status
- Deal #1
- Deal #2
- Status all legislation
- Anticipated timeline for sale and change of ownership



Operational Update Brief to the Legislature
LAW



- Preparation
- Negotiation of sale
- Lawsuits
- Anticipated future events



Operational Update Brief to the Legislature
SIGNIFICANT FINANCIAL EVENTS



- Recap of 2013 Hospital Fund Operations
- Hospital Fund Update
- Hospital Fund Outlook for 2014



Operational Update Brief to the Legislature
**Summit Park Hospital
and Nursing Care Center**



WHAT DO WE DO WHILE WE WAIT?

CARE --- CENSUS --- COST

- Continue to reduce cost where possible
- Look for ways to increase our revenue
- Explore the privatization of some of the services



Operational Update Brief to the Legislature

WHAT WE CAN DO NOW – LATER?



- Evaluate current service contracts – adjust as required
- Explore potential options – including outsourcing
- Release a request for proposals (RFP) to privatize some of the services provided by NH and Hospital



Operational Update Brief to the Legislature

PERSONNEL REQUIREMENTS



- OVERVIEW: NYS Civil Service Law, Rockland County Civil Service Rules, Labor Contracts
- NYS CIVIL SERVICE RIGHTS & LABOR CONTRACT RIGHTS: General Process
- PROCESS for NOTIFICATION of RIGHTS: Unions, Department heads, and Employees



Operational Update Brief to the Legislature



COUNTY AUDITOR

- Stabilizing / Reducing losses
- Transfer of Ownership – ***a beginning to the Financial Recovery***
- Future actions – eliminating the deficit, build up the fund balance



COUNTY EXECUTIVE OFFICE



Operational Update Brief to the Legislature

- * Partnering with the Legislature
- * Delivering Services
- * Reducing Expenses
- * Transparency

Susan Sherwood, Chair of the Local Development Board, briefed the Legislature on the status of the sale of the Hospital and Nursing Home:

On behalf of fellow LDC Board Members (Adam Kurland, Maggie Ramirez, Ray Sheridan, Michael Shilale, Steve Yassky and Roberta Zampolin), I am pleased to brief you tonight. As you remember, we started 2014 with the expansion of the sale to include the full Building A and the LTACH with the Nursing Home based upon this Legislature's vote at the very end of 2013. We had received four replies to our RFP, which outlined three bidding options. We received two offers for the Nursing Home only and received two excellent offers for the entire facility from two fine operators.

Deal #1

In February, the Board entered into confidential negotiations with the highest bidder, the Allure Group. We were working to a close and headed for a public meeting on March 14th at which we had hoped to vote on a Purchase and Sale Agreement with them. Our intent, however, was stopped by litigation filed by CSEA in Rockland County Supreme Court and two suits brought by local operator Northern Manor. Northern Manor, who did not receive support of the LDC Board, filed against the County and the Board in Supreme Court in Putnam County and against the principals of Allure in Rabbinical Court in Brooklyn. This anti-competitive assault by a losing bidder ultimately chilled our purchaser who walked away from the deal. Our efforts were set back by at least 3 months.

Deal #2

The Board then unanimously agreed in April to move forward with the Summit Park Acquisition Group or SPAG, an entity being developed by the Braunstein family to acquire our facility. At our public meeting last Friday, the board awarded the bid to them and pending final negotiations on terms and conditions, and concurrent agreements with the County on transition and consultancy, expects to hold another public meeting shortly to officially vote on our sale to them.

This bidder brings **so much** to Rockland County--A family-company that has been in the nursing home business for decades and has earned a fine reputation for care and quality. They have an excellent relationship with the NYS DOH, who is a key decision-maker in everything we do. The purchaser has already filed a CON for the Nursing Home with the DOH, and is at work now on one for the LTACH. Of particular pleasure to the board is the fact that principal Shully Braunstein will be the on-site hands-on Licensed Nursing Home Administrator and that he is a Rockland County resident. He cares about the residents, the employees, the facility and this county.

Status All Litigation

Litigation, again brought by losing bidder Northern Manor, was denied in Supreme Court yesterday. I defer to County Attorney Humbach to brief you on these legal matters. But the LDC Board hopes that the opposition and obstructionism will now cease. The litigation and threats have killed one deal and have complicated and delayed the second. Delays cost time and time cost money. The LDC defers to County Financial officials to quantify those losses; however, from the Board's perspective, our legal fees have doubled since we are now on our second deal--and we had no litigation budget and now need one because expenses are growing by the billable hour.

Anticipated Time for Sale and Closing

With the loss of one deal and the delays in the second, we are falling behind hopeful anticipation of a closing by end of this year 2014. The DOH double-CON approval process--along with whatever requirements they mandate (including moving all County offices and employees out of Bldg A) will be a challenge. Northern Manor has been reported to have threatened to try to block our application at Public Health Committee Hearings of the Department of Health. I hope that anti-competitive interference will not occur. The LDC Board believes that they (Northern Manor) have not adhered to requirements in the RFP, which state that bidders are to accept Board decisions, and are not to collude or interfere with the Board's choice. That all said, we hope that without further interference, we can proceed apace--but we do expect that the Summit Park Nursing Home and Hospital will remain a County responsibility through the first half of 2015.

We/your appointees on the LDC Board are bringing the best operator, the right choice, to Rockland County. We are fulfilling the Legislature's intent when you tasked us with this responsibility. Litigation that thwarts your legislative decisions must be extremely frustrating when you have all struggled with making the hard choices about how best to continue the Nursing Home over the past several years. And that is what this is all about: Saving the Nursing Home, helping it grow, investing in building improvements, modernizing technology, bringing in new services, adapting to the changes in health care, and--most of all--prepping for Rockland's demographic surge in its aged population which is coming over the next decade.

The message that the LDC Board wants to send to residents and families is that this is a change of ownership not a closure so residents, and the families that care for them, can be assured that all residents will remain at Summit Park unless and until they choose to move on or their medical situation requires a different level of care.

The message from the LDC Board to our employees is that one of the mission items on which the Board rated Summit Park Acquisition Group so highly was on its management philosophy. They have unions in all their facilities and will have one here at Summit Park. They will willingly consider for retained employment all workers who choose to apply. In their other locations they have great relationships with SEIU and have no outsourced services. They will fill the 100 plus empty beds. Doing that will require more workers, more hours! Killing this deal will kill jobs so I encourage Union leadership to keep an open mind and work with the purchaser for the good of their members and our dedicated Rockland employees.

In conclusion and on behalf of the Board I do hope that we can progress swiftly from here on out to bring this purchase and sale to a successful conclusion for all concerned--residents, families, employees and Rockland County taxpayers. Thank you.

Thomas Humbach, County Attorney, Rockland County Health Facilities Corporation Legal issues:

The County is fighting vigorously against Northern Services' attempts to halt the sale of Summit Park Nursing Home and Hospital to any other entity. Northern Services had taken Rockland County, as well as the Legislature, the County Executive, the Rockland County Health Facilities Corporation and Marcus & Millichap to court in Putnam County to stop the sale of the facilities to the Allure Group, which Mrs. Sherwood described as one of two excellent offers for both the hospital and nursing home and that it was the highest bidder. Northern Services Group, Inc. and Northern Metropolitan Foundation for Health Care, Inc., which bid only on the Nursing Home, indicated that it was taking The Allure Group to a Bet Din, a rabbinical court in Brooklyn, for acting against the principals of the laws. Allure walked away from the sale.

Since January the department has been tasked with converting the LTACH beds to a form that is not psychological based. The department is representing the County in the lawsuits filed by the CSEA and Northern Services and is coordinating with the attorney for the LDC. The County was able to have the court cases moved back to Rockland County and have fended off two restraining orders brought by Northern Services against moving forward with the sale of Summit Park Acquisitions Group. At the moment his office is preparing a complaint that would be against Northern Services Group and other related entities and persons concerning their challenges against the Allure Group.

Stephen DeGroat, Commissioner of Finance, Operational Update:

The Hospital and Mental Health has about a \$30,000,000 loss. On a cash basis it is about \$20,000,000. This is how much Rockland County needs to subsidize the hospital, because the County maintained the Mental Health components of inpatient and emergency care through April. This is the first year that the County has budgeted for and made full contributions to the hospital from the General Fund. In 2013 and 2014 \$14,700,000 was put into the operating budget to subsidize the hospital. On a cash basis, the deficit is going to go up to \$7,500,000 for 2013 and by the end of 2014 it is anticipated to be in the same or better position.

The inpatient Mental Health facility has been transferred to Nyack Hospital, 51 Rockland County positions have been abolished and all compensated payments have been dealt with.

Part of the problem is that the census for the LTACH is at its lowest in ten years, which is a substantial loss to the County. In the past the LTACH subsidized the Nursing Home. The loss on a GAP (generally accepted accounting principals) basis for just the hospital is about \$1,200,000 a month or \$39,000 a day. On funding from the County the draw on the General Fund is about \$800,000 a month or about \$27,000 a day.

Donna Pauldine, Deputy Commissioner of Hospitals, Summit Park Hospital and Nursing Home update:

While waiting for the transfer of ownership they are doing a complete review of every department and every position in every department. At the end of last year they surrendered more than \$1,400,000 in abolished positions. They reduced Workers' Compensation claims and the cost for them by 60%. They also established a light duty policy that brings people back to work. They are taking care of more patient needs in-house, which reduce the number of send-outs. They are planning for the transfer of correctional health services from the Department of Hospital to the Department of Corrections or the Department of Health. The Department of Hospitals is not compensated for the \$2,200,000 cost. The Department of Law is helping with collections.

One of the reasons for the low census is that only about 38% of hospitals in the area know of our existence. Another problem is that people's perception is that the facilities are closing.

Paul Brennan, Director of Purchasing, summarized the areas within the Hospital/Nursing Home and Department of General Services for expense reductions:

Identify Expense Reductions - Working with the Department of Hospitals and the Administration, the Purchasing Division will review all ancillary services provided by the Department of Hospitals and the Department of General Services to determine where expense reductions are possible.

Using recommendations from the Alvarez and Marsal efficiency study, the following areas will be reviewed:

- Radiology
- Laundry
- Housekeeping
- Laboratory
- Rehabilitation Services
- Security

Robert Bergman, Auditor, summarized issues and priorities:

The number one priority is stabilization and reduction of losses in the hospital fund. They are targeting the hospital support services in that regard and in some cases investigations have revealed that they can save substantial dollars in some of the back office operations. In other cases what we are doing is as competitive as can be with the general marketplace. Proposals to bring losses down will soon be presented to the Legislature. Aside from the daily cash losses there are accrued liabilities, which are taxpayer costs. In eliminating the deficit, financial recovery in the general fund and building fund balance - to date there has been some good progress and that the County is on track in 2014 toward a balanced budget.

The end game here is not just the elimination of the deficit. The end game and the long term objective has to be a recovery of fund balance, in accordance with accounting standards of about 5% of budget. That would mark the point where we are fully recovered and we can petition and justify an AA bond rating.

J. Guillermo Rosa, Chief of Staff, closing statement:

In the coming days they will be identifying positions that can be abolished with limited operational and budgetary impact across all departments, not just the hospital and nursing home. Some will end July 1, 2014 and other later in the month. The impact of the changes will have a greater impact on the 2015 and 2016 budgets.

Chairman Wolfe

I just have some observations. One of the issues I just wanted to raise is the issue of time sensitivity. I understand that there are certain actions you would like to be taken by July 1st. I want to highlight the difference between something that has to be done by a particular date or something that you would like to be done by a particular date as we often refer to here. What we do in this chamber is a deliberative process. There are seventeen members. Everything we do is by consensus. Historically, I think we have seen that better decisions are made when time is taken to consider facts and information. We never like to make decisions by emergencies. If there is a justifiable emergency that requires a special meeting in the middle of July, and it is very difficult to gather a quorum in the middle of July on a date that is not already scheduled, we will certainly do what we can to accommodate you. It would be nice to accomplish something by a particular date, but it doesn't necessarily mean that it has to. Sometimes it takes several meetings for us to really reach a decision that we are comfortable with.

Mrs. Cornell

I thank everyone for their presentations. Thank you Mr. Rosa for representing the County Executive and for the presentations today. As the person who chaired the Legislature through 2013, through very painful times dealing with the nursing home and hospital issues, I certainly had hoped that the times would have been easier for the County after that. So it is very difficult hearing about these lawsuits and what is occurring. I want Commissioner Sherwood to thank all the LDC members for me, because they are all members of the community who accepted appointments from the Legislature and the County Executive last year and probably had no idea what was ahead. I know how important they have been. I thank you, County Attorney Humbach, for your aggressive protection of our residents and our fiscal situation with regard to the lawsuits that have occurred. It is really outrageous for all of us that these things are happening.

I want to thank Commissioner Pauldine for your service. I wish you were serving in that position several years earlier. We might not have even gotten to this place.

I think that all of the conversations that have taken place over the past couple of years and this year about the nursing home and hospital has just left a very negative feeling in the community. People think it is closing and people are not rushing to put their loved ones in a facility that they think is closing or may feel there is substandard care, which we know is absolutely not true. We thank all of you for everything that you are doing.

Chairman Wolfe

Although the County and Executive and I may have had some differences of opinion on some issues of late, and while I certainly respect his right to feel a particular way, on this particular issue and on an aggressive response to these lawsuits he and I are in absolute lock step. We both agree that a strong defense of our rights and a prosecution of the remedies that are available to us are extremely important. We literally lose millions of dollars every single month. I join the County Executive in that sentiment and I am sure many of my colleagues here do as well.

Mr. Hood, Jr.

I want to take a moment to thank all the department heads that came tonight. I am really glad to see all of you. This is something that has not been done in the seven years that I have been here. I am glad to see the transparency. I appreciate it.

I want to thank the workers at the hospital and nursing home. I know there is a cloud over the operation at this point, I but you still continue to do your jobs. I think we all appreciate that. Thank you.

Mr. Moroney

I appreciate all the work and effort that went into this presentation.

Mr. Jobson

I too just want to thank everyone for briefing us. I want to reach out to the hospital and nursing home workers. It must be extremely frustrating to sit by day after day, week after week and month after month. What you all have been through over the past couple years; and you just get pigeonholed with a dog and pony show. You get criticized unfairly for things that are beyond your control that you cannot manage and micromanage each day, but you come to work everyday and you do what you are supposed to do. Thank you for that and keep it up.

Chairman Alden H. Wolfe moved to adjourn the Committee of the Whole and report back to the full Legislature at 7:18 p.m., which was seconded by Legislator Christopher J. Carey and passed unanimously.

Respectfully Submitted,

Darcy Shapin-Greenberg, Proceedings Clerk