Capital District Youth Center, Inc.
Board Meeting
Wednesday, July 17, 2019
9:00am
1 Park Place, Suite 102
Albany, NY 12205

Members Present: William Connors, Laura Bauer, Steven Bayle, Lucille McKnight, Barbara Mauro, Craig Warner, Kristin Swinton

Present via GotoMeeting: Samantha Miller- Herrera, Kevin Cannizzaro, (Albany County Legislature Majority Counsel)

Others Present: Michael McLaughlin, (Albany County Executive's Office), Richard Riccio, (Berkshire Farms) Robert Ryan (Harris Beach), Lucas Jacobs, (Berkshire Farm), Alan Walther (Bonadio Group)

Members / Others Absent: Scott Bendett

Staff: Mark Castiglione, Amy Weinstock.

Presiding: Lucille McKnight, President, called the meeting to order at 9:08 am.

1. Welcome & Introductions

President McKnight welcomed everyone to the meeting.

2. May 15, 2019 Meeting Minutes

The minutes were distributed before the meeting.

<u>Actions Taken</u>
Barbara Mauro made a motion to approve the meeting minutes and Steve Bayle seconded. The motion was approved unanimously.

3. Financial Statement through June 30th

The revenue has been corrected to reflect the amounts we will derive via the per diem rate issued by OCFS but the expenses allocations are incorrect.

The Year to Date Revenues reflect the billings to the counties for services provided through first quarter. We have not submitted Q2 expenses and, therefore, have not been issued a rate so Q2 receivables are not shown. At the time of this memo, I do not have updated balance sheets to reflect those changes. The deficits result from incurring Q2 expenses without revenue in both SD and SSD.

Secure Detention (SD)

The SD rate issued was 393.61 and covers all actual reported costs for the first quarter with the exception of Berkshire's 13% admin fee. Berkshire Farm's statement of actual expenses (net of the meal subsidy) through June 2019 is $835,353. Operations (Bed) Revenues total $463,723 reflecting revenue from billing the counties. Estimated expenses through June total 1,049,353. Actual SD expenses through June from Berkshire Farm are also attached.

Specialized Secure Detention (SSD)

The SSD rate issued by OCFS was $995.82 and covers all actual reported costs for the first quarter with the exception of Berkshire's 13% admin fee. Berkshire Farm's statement of actual expenses (net of the meal subsidy) through June 2019 is $673,506. Year to date revenue reflect the billings to the counties for the first quarter of the year. Operations (Bed) Revenues total $303,725. Estimated expenses through June total $704,333. Actual SSD expenses through June from Berkshire Farm are also attached.

<u>Actions Taken</u>

Due to the fact that there are inaccurate expenses listed and the SD / SSD allocations need to be reviewed further, no action will be taken on the financials until next meeting.

4. 2018 Audit

Enclosed for your review and approval is the FY-2018 Draft Audit Report prepared by the accounting firm Bonadio & Co. LLP.

A representative from the firm will make a presentation and respond to questions about the audit findings at the Board meeting.

Board action is requested to approve the 2018 Audited Financial Statements. Acceptance of the final audit is pending resolution to accounting methodology related to the furniture purchase.

No compliance issues or any other major issues were found during the audit. The report was discussed line by line.

<u>Actions Taken</u>

Barbara Mauro made a motion to accept the 2018 audited financial statements, and Steve Bayle seconded it. The motion was approved unanimously.

5. Designation of Signatories

Donna Reinhart was a signer for all bank accounts, so transfers and other banking aspects of her job could be completed. There is a request for Amy Weinstock to be added to these accounts for the same purposes.

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RESOLVED that the following individuals shall be designated as signatories on the CDYCI's bank accounts.

1. Samantha Miller-Herrera, Treasurer
2. Mark Castiglione, Chief Administrator
3. Amy Weinstock, Office Manager

Motion ________________________

Second_________________________

Approved: ______________________________

Lucille McKnight, President

Actions Taken:

Barbara Mauro made a motion to accept the resolution designating Amy Weinstock as a signer on the CDYCI bank accounts and Laura Bauer seconded it. The motion was approved unanimously.

6. Approve New Billing and Claiming Procedure:

Historically, CDYCI has self-funded the operations of the facility through revenues generated by the per diem rate it charged to counties for their youth in the facility. Effective January 1, 2020, CDYCI and its counties will be required to transition from this pay as you go model to a quarterly reimbursement model. It was anticipated that this transition would potentially create a cash shortfall requiring the counties to share in the costs of an advance payment to CDYCI. As alternative to an advance payment approach to ensure CDYCI maintains cashflow after the first quarter of 2020, CDYCI will simply bill the counties for their share of home county and out of county youth they will claim for the quarter.

For all intents and purposes, CDYCI has already transitioned to a quarterly payment model. As rates are now being issued by OCFS to CDYCI on a quarterly basis based on actual reported costs, CDYCI can only bill on a quarterly basis. It is anticipated that at the close of 2019, CDYCI will have accounts receivable for the costs of the final quarter of 2019. This anticipated revenue should cover cash flow through the first quarter of 2020.

OCFS has indicated that first quarter reimbursement to the counties may not be available until the second quarter of 2020. Therefore, at the close of the first quarter and once CDYCI has reported actual operational costs in the Statewide Standards of Payment (SSOP) system, CDYCI will bill the CDYCI counties for their share of home county and out of county youth they will claim for the quarter. The counties' quarterly payments to CDYCI will ensure cashflow while the reimbursement to the counties is pending from the state. This will be the payment model for CDYCI operational expenses from January 1, 2020 forward. Below is an estimate of the quarterly bill totals based on assumptions included in the attached spreadsheet.

CDYCI Finance Committee members met and discussed the following three options for billing and claiming. Option 2 was rejected by the committee members and Option 3 was currently not feasible according to OCFS representatives who participated in the meeting. RTA Finance Committee members are currently gathering approval of Option 1 from their county's leadership. With consensus we will draft new master agreements for county approval.

Option 1:

- CDYCI is designated to submit costs on behalf of consortium members.
- Four CDYCI counties all act as fiscal conduits
- CDYCI bills Participating Counties an amount based on the allocations below at the close of each quarter.
- Four CDYCI counties pay CDYCI the amount billed.
- CDYCI counties claim their "home county" youth
- One County claims all "out of county" youth in addition to their own "home county" youth
- Three CDYCI counties receive reimbursement for their home county youth (net 51 % of costs of care days for any non-raise the age youth they have claimed)
- One CDYCI county received reimbursement for their home county youth and all out of county youth (net 51 % of costs of care days for any "home county" non-raise the age youth they have claimed)

Option 2

- CDYCI is designated to submit costs on behalf of the consortium
- One county serves as the fiscal conduit for the consortium
- CDYCI bills fiscal conduit county for all quarterly expenses
- Fiscal conduit county claims <u>all</u> youth using the facility,
- Fiscal conduit county receives reimbursement on behalf of the consortium members (net 51 % of costs of care days for any non-raise the age youth from the fiscal conduit county)
- Fiscal conduit county administers funds to CDYCI in addition to payment for 51% of care costs for their non-RTA youth.

Option 3:

- CDYCI is designated to submit costs on behalf of consortium members.
- Four CDYCI counties all act as fiscal conduits
- CDYCI bills Participating Counties an amount based on the allocations below.
- CDYCI counties claim their "home county" youth
- CDYCI counties claim a share* of "out of county" youth in addition to their own "home county" youth
- CDYCI provides each county with their apportionment of "out of county" youth with name and bed days to be claimed.
- CDYCI counties received reimbursement for their home county youth and their share of out of county youth (net 51 % of costs of care days for any "home county" non-raise the age youth they have claimed)
- CDYCI counties administer reimbursement funds to CDYCI in addition to payment for 51% of care costs for their "home county" non-RTA youth.

Option 1: Estimated Quarterly Out of Pocket with Albany Claiming Out of County Youth

	SD Home County	SD Out of County	SSD Home County	SSD Out of County	Est Total Quarterly Bill
Albany	$193,968	$144,091	$27,425	$438,804.82	$804,289
Rensselaer	$55,420		$43,880		$99,300
Saratoga	$8,313		$5,485		$13,798
Schenectady	$152,404		$32,910		$185,314
Total					$1,102,702

Board action is requested to endorse Option 1.

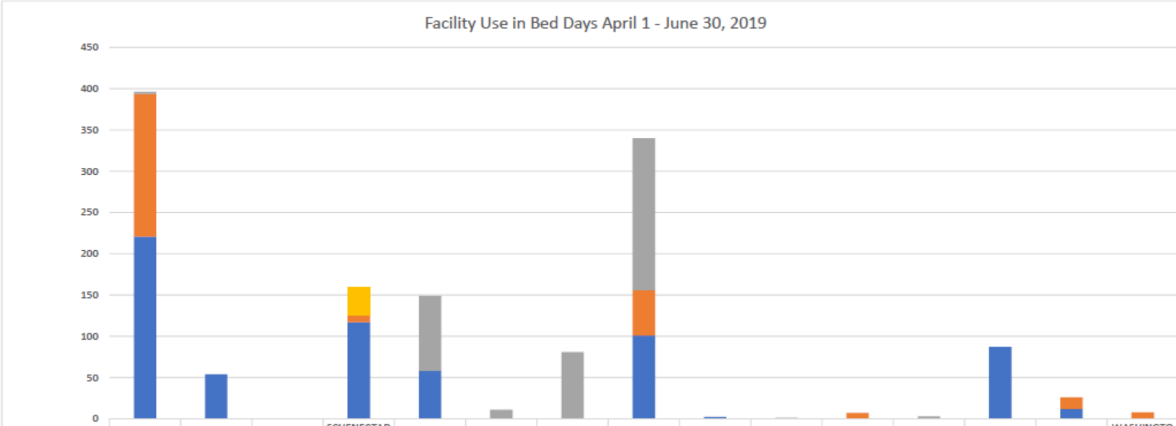
One question asked was why the State cannot just entirely take over and not make Albany County bill for the Out of County Children. The state wants to mirror all the other facilities and make a universal procedure.

Action Taken

A motion to accept the Board's endorsement of the methodology of option 1 as agreed upon was made by Kristin Swinton and Craig Warner seconded it. The motion was approved unanimously.

7. Facility Usage: May and June 2019

As tracking youth against the estimated utilization we used to set our per diem rate is now irrelevant, (since we do not set our rate and are provided one based on actual costs) I have updated the presentation of facility usage. The new format shows use by county in SD male, SD female, SSD male and SSD female. The new table and chart is attached.



	ALBANY	RENSSELAER	SARATOGA	SCHENECTADY	DUTCHESS	HERKIMER	KINGS	ONEIDA	ORANGE	QUEENS	STEUBEN	SUFFOLK	TOMPKINS	ULSTER	WASHINGTON
SSD Female				34											
SSD Male	2				91	11	81	184		1		3			
SD Female	173			8				55			7			14	8
SD Male	221	54		117	58			101	2				87	12	

8. Recertification

SSD Recertification materials are due to the State Commission of Correction (SCOC) 90 days prior to September 26, 2019. Per our contract, Berkshire Farm will prepare recertification materials for CDYCI submission to SCOC.

In advance of the recertification, the Albany County Sheriff inspected the facility on July 2. Their report will note similar deficiencies as last year as those will be corrected during the capital project.

OCFS requires a similar but separate recertification materials. They have been working with Berkshire throughout the year and Berkshire will also be preparing those recertification materials.

These are two separate processes ongoing at the same time.

There was a request for copies of the certifications to be put in meeting packets when necessary.

Both the policies and procedures manuals for both materials need to be kept and processed separately.

9. Furniture Expenses

At last year's July board meeting, the board authorized using our Capital Reserve fund to purchase new furniture required to allow the facility to be certified for SSD operation. DASNY procured the furniture items totaling more than $100,000. The furniture was chosen through consensus of OCFS, SCOC, Berkshire, Albany County Sheriff, and our architects, SMRT. These RTA start up costs were to be 100% reimbursable.

I have been made aware that furniture costs were zeroed out in Albany County's approved RTA plan. Prior to that, I was made aware that we may need to capitalize and depreciate the furniture and request reimbursement over a number of years. CDYCI expensed the furniture as we treated the procurement as a procurement on behalf of the counties. We cannot capitalize and depreciate assets we do not own. In addition, we were informed that we would need to split the furniture costs between SD and SSD cost centers.

On June 14, 2019 phone call with OCFS staff to review RTA plan detention costs, I was informed that OCFS does not consider the furniture replacement cost as a RTA expense but rather an expense that must be split between SD and SSD. The justification provided is that youth from both facilities will be using the furniture in common areas therefore the cost to replace the furniture must be allocated between SD and SSD facilities. This view contradicts guidance we've previously received, and ignores the legislature's clear direction on what constitutes reimbursable RTA expenditures.

The Raise the Age law mandated the creation of a new Specialized Secure Detention (SSD) facility which was collocated with the existing facility. New furniture was required by SCOC for SSD certification/operation for any areas were older youth could potentially be. OCFS, SCOC, Sheriff, Berkshire, participated in furniture selection. Given there was <u>no</u> need to replace furniture prior to RTA, all costs were allocated to SSD. What's more, at every step, OCFS staff maintained that the costs would be 100% reimbursable as it was a function of RTA implementation. As the law states, "Notwithstanding any other provision of law to the contrary, counties and the city of New York shall not be required to contribute a local share of eligible expenditures <u>that would not have been incurred absent the provisions of a chapter of the laws of two thousand seventeen that added this section</u>. https://www.nysenate.gov/legislation/laws/STF/54-M

While no formal denial of costs has been issued, the fact that it was zeroed out in Albany County's plan is cause for concern. Future ramifications related to this include replacement of bedroom furniture which will be required in all bedrooms to maintain the SSD certification of the entire facility. I do hope this logic does not extend to the capital project.

10. Facility Operations / Agency Report (Berkshire)

Berkshire Farms hired a new CEO, Brian Parchesky. He is familiar with the way the correctional facilities are ran. He will be introduced to the facility supervisors and staff on Thursday, July 18.

The numbers are holding steady, although there is an increase of needs for female beds. They currently are at capacity.

The ½ day summer school program is ongoing for 6 weeks. There was a discussion on the need for IEPs and how they are being utilized. 50% of youth who took the regents exams this June passed them.

They are planning to have 17 year old youth and looking into their educational requirements.

There were no major findings during the Sheriff's recent walk through of the facility during the reaccreditation process.

They are looking at different food vendors and options, including partnering with the jail in who they use. They are also reviewing the contract with Capital Care Physicians as the length of terms and ages of youth increase.

11. Other Business

Draft agreements are being worked on. They should simplify and consolidate all the agreements into one document. There will be a discussion on the length of these agreements, and there is an understanding the Albany still needs their own lease agreement.

There may be a special August or September meeting to approve these agreements as they are drafted.

12. Adjournment- next meeting is October 16, 2019 at 9:00 am.

Barbara Mauro made a motion to adjourn the meeting and Steve Bayle seconded it. The motion was approved unanimously. The meeting adjourned at 10:15.

Respectfully submitted,

Amy Weinstock
Office Manager

Reviewed and approved by

Steve Bayle
Secretary