

**Fertile City Council Minutes
Special Meeting
December 6, 2017**

The Fertile City Council held a special meeting on Wednesday, December 6, 2017 at 5:30 p.m. at the Community Center. Present were: Mayor Daniel Wilkens and Council members Todd Wise, Linda Widrig, Reid Jensrud, and Stanton Wang. Also present was City Administrator Lisa Liden, Fair Meadow Administrator Angie Leiting, Director of Nursing Peggy Erickson, as well several other Fair Meadow managers and employees. Also present were Fair Meadow Advisory Board members John Swanson, Marla Swenson, Carolyn Christian, Michelle Cote, and Jeremy Hovde.

The meeting was called to order by Mayor Wilkens at 5:30 p.m. He began by explaining that he would like to review the recommendations made by Health Dimensions and just go through them one by one as they were presented in the final report. He stated that those recommendations and the report defined the path that needed to be followed to turn the nursing home around so that it could be operated at a profit.

He then asked those present if they should begin by going over the recommendations immediately or if there were any other matters that should be addressed first. Administrator Liden asked Administrator Leiting if she would prefer to go over the insurance options for 2018 since that was the most pressing matter given the fact that it was open enrollment time. Leiting responded that it would be best to go over insurance first.

Leiting then stated that she assumed that Council wanted to change how much Fair Meadow paid towards the employees' insurance premiums and that it was important to note that the premiums had increased 40% this year over last year. Council member Wise then asked how much Fair Meadow currently contributes towards the premiums. Leiting explained that the amount ranged between \$325 for a single policy and \$525 for a family policy. Mayor Wilkens then asked if those were the amounts charged across the board and Leiting stated that the managers currently get their insurance for free.

Leiting then went over the insurance proposal that she had submitted for approval. There were two different policy options available. One plan had a deductible of \$3,500 with an HRA option towards the deductible so that the actual out of pocket expense would be \$2,500. The second plan had a deductible of \$6,350. Leiting noted that in her proposal she had included tiered amounts so that management would pay in for their insurance as well but at a lower amount than the other employees.

Mayor Wilkens then explained that one decision that needed to be made was whether or not all employees would get the same benefit amount. Council member Wise then asked how many hours an employee had to work to be eligible for the insurance and how many employees were currently carrying insurance through Fair Meadow. Leiting stated that an employee needed to work 30 hours per week to be eligible for insurance and that currently there were 30 employees who were on the plan. Leiting then commented that the insurance had been handled the same way for several years with managers getting their coverage for free. Mayor Wilkens responded that there were many changes that needed to be made to cover the losses that had been incurred in the past few years and that insurance was one of them.

This was followed by a discussion on why the managers should get a better deal on their insurance. Leiting stressed again that she had tiered the amounts in her proposal so that managers would now be contributing towards their insurance, but not as much as the other staff. She also explained that the money spent on insurance goes into the rate formula 100% and that if the amount Fair Meadow paid

towards insurance decreased, that their rates would also decrease by the same amount. It was then decided to wait and return to the matter of insurance later in the meeting.

Mayor Wilkens then started going through Health Dimensions final report on the operational assessment. The first pages of the report gave background information on the history and structure of Fair Meadow as well as a profit and loss analysis and additional analyses on census, payor mix, revenue per patient day, staffing costs, employee benefits and costs per patient day.

Mayor Wilkens noted on page 13 that HDG recommended a review of the office location for key leadership roles to equally support the nursing home and assisted living. This was followed by a brief discussion on why the offices had been moved to the assisted living and Peggy Erickson commented that Angie Leiting was still a visible presence in the nursing home many times throughout each day.

The next recommendation was to evaluate the Director of Nursing's interest in developing leadership skills in the area of delegation. Peggy Erickson explained that she had asked one of the RN's on staff to serve as the assistant DON to help with delegation of duties. Erickson was still waiting for a decision from that RN.

The next recommendation was that an operating budget be established. Leiting explained that she was currently working on the budget and that she would be able to complete that once decisions were made as far as the staffing levels that were recommended in the final report. As part of the budget and cost control procedures, HDG also recommended the establishment of cost control logs for each department. Council member Wise then asked if they currently use a purchase order system and if that could be implemented to help control costs. Leiting explained that they didn't use purchase orders but that the implementation of control logs and departmental budgets would help management to stay within budgeted numbers for supplies.

The next part of the report that was reviewed was the CMS Five-Star staffing comparison. HDG recommended that Fair Meadow's goal should be a 4-Star status which they currently were after having had 2-Star status for a period of time. Discussion then turned to the staffing changes that were recommended to maintain a 4-Star status at the most cost efficient staffing levels.

Leiting proposed that RN hours be cut 176 hours per month for an annual savings of \$61,387. Peggy Erickson then went on to explain that they had tried implementing the changes that were made in regard to MDS, but that it hadn't worked very well. It was particularly difficult since family members no longer knew which RN to contact as the primary person in charge of their family member's care.

The next staffing recommendation was to cut the nurse educator position. Leiting explained that the CNA course was a 72 hour course that was available at some area facilities but that Fair Meadow had decided to offer the course in-house for expediency when new CNA's were needed. Other facilities couldn't always accommodate one or two CNA's in a timely manner when they needed to be trained. This was followed by discussion on the cost of training at other facilities. Leiting also stated that they typically train 25 to 40 CNA's per year and Peggy Erickson added that it was beneficial to offer the training in-house so that new CNA's were familiar with the facility right away when they were certified. Council member Jensrud then asked whether the nurse educator ever worked on the floor. Leiting said that she was quite often on the floor providing hands on training.

The next staffing recommendation had to do with the number of CNA's and TMA's that were scheduled at each shift. HDG recommended staffing of 5 in the morning, 5 in the afternoon, and 3 overnight.

Leiting recommended staffing of 6, 5.5, and 4 and that of the 4 overnight, 3 would be CNA's. This reduction in staffing would save \$21,112 per year.

As for the next recommendation on reducing the number of LPN hours per week, Leiting and Erickson said that they did not agree with that recommendation.

The next recommendation discussed was the rehab coordinator. HDG had recommended eliminating that position in addition to the entire rehab department. Leiting and Erickson both stated that they did not want to cut that program since it was vital to the level of care that Fair Meadow was able to offer residents. This was followed by an explanation of restorative care, how some rehabilitation costs are reimbursed, and what the current case mix was at Fair Meadow. Leiting's recommendation was to cut one hour per day for one therapy aid which would result in \$5,373 in savings per year.

A discussion on the recommended cuts in activity then followed. HDG had recommended a reduction of 60 hours per week and Leiting proposed cutting 4 hours per week on Saturday resulting in \$6,493 savings per year. If needed, another four hours could be cut on Sunday. Leiting also noted that activity aides also help with feeding residents breakfast.

The next recommendation up for discussion was reducing the maintenance staff 20 hours per week. Leiting proposed a reduction of 16 hours per month which would save \$5,268 per year. Mayor Wilkens then asked whether or not Lionel Sandness had the boiler's license that was needed and Leiting stated that he did have the proper licensure. Council member Wise then inquired about the amount of money that was spent on contracting out for lawn care and whether or not that could be done by maintenance staff. Leiting stated that each time it cost \$75 for the nursing home and \$75 for the assisted living and that it had previously been contracted out to a Grand Forks company but was now being done by a local one.

The discussion then turned to the time keeping system that Council had approved and whether the set up for that had started. Leiting stated that the contract had been signed but that they had not heard from the company on when set up would begin. Leiting also noted the large increase in the budget for the data processing expense account and that the increase was due mostly to the increased cost of changing to a bi-weekly payroll.

Leiting then went on to explain that her budget also included an increase in rent for the assisted living. The last increase had been made in 2015 and her proposed increase would result in additional revenue of \$11,280 per year. Mayor Wilkens then asked how the higher rent would compare to other facilities in the area. Housing Manager Tammie Radermacher then explained that she had done a comparison to the rates in surrounding facilities and that she had worked with Leiting and Erickson to increase the rents to an amount that would keep them competitive in the area. Leiting noted that they had also changed their ala carte rates and that would bring in an additional \$4,880 per year.

Under the rent increase proposal, the rental charge for a studio would increase from \$782 to \$850 per month. A one-bedroom would increase from \$1,063 to \$1,140 and a two bedroom from \$1,525 to \$1,600. The new rates would take effect on February 1st.

Council member Wise then asked whether it was necessary to have a housing manager for the assisted living. Tammie Radermacher then explained what her role was with the facility and Angie Leiting stated that a manager was needed for the licensing of the facility. Radermacher then explained what her job as manager of the assisted living entails.

This was followed by a brief discussion on the role of volunteers at Fair Meadow. Leiting stated that there are more volunteer hours put in at Fair Meadow than any of the other homes in the area. She also explained that there were also more requirements being implemented regarding volunteers and that they now all had to be finger printed and go through background checks. She said that mandatory training would soon need to be implemented as well.

Angie Leiting then noted that her current budget proposal included a 2% wage increase across the board. Mayor Wilkens then stated that Council had appointed a committee to work with Fair Meadow on various human resource matters including revising the personnel policy to include recommendations made by HDG. Wilkens then read a paragraph on page 31 of the final report regarding HDG's findings on the wage study they had done. HDG found that 16 employees were being paid slightly higher than the 75th percentile and 20 employees who are being paid substantially higher than the 75th percentile. In addition, HDG found that 31 employees were being paid below the 25th percentile and that most of those were nursing staff. Wilkens commented that those findings would have to be taken into consideration before any raises could be approved.

This was followed by further discussion on the amount that Fair Meadow would pay towards employees' insurance. Leiting reiterated that the free insurance for managers was a benefit that recognized their valuable role in Fair Meadow's operation. Advisory Board Member Marla Swenson then stated that the extra training and education of management also needed to be recognized and that it was reasonable that they receive an extra benefit.

Council member Wise stated that training, education, and managers' roles with the home were recognized by higher compensation and should not be reflected by their benefits. This was followed by a brief discussion on pay scale and Leiting commented that Fair Meadow's pay scale was low compared to other homes. Mayor Wilkens then referred again to the paragraph on page 31 on compensation that stated there were huge disparities in wages at Fair Meadow.

Advisory Board Member Michelle Cote then commented that they could think outside the box and take a different approach to the health insurance issue. In order to not greatly reduce the amount that is paid out by the home and end up with lower rates as a result, Fair Meadow could pay the full cost, \$640.27, of the single policy on the \$6,500 deductible plan for all employees. Employees could then either take that policy or apply that amount to the better policy or a family policy. The annual cost of offering that amount to the 30 employees currently enrolled would be \$230,497 which would be only slightly less than what was paid last year.

Discussion then turned to the information in the final report on state-wide averages on what employees pay for health coverage through in an employer's plan. On average, an employee contributes 24% to a single plan and 34% to a family plan. Leiting was then asked to rework her insurance proposal with those new numbers so Council could see how those looked.

Mayor Wilkens then asked Administrator Liden to put health insurance options, the wage increase, and also the assisted living rent increase on the agenda for the December 11th regular meeting.

Leiting then asked whether her proposed cuts were approved or if Council would want more cuts to be made. Mayor Wilkens said that it was all still a work in progress and that she should continue looking at additional measures to save money.

Council member Widrig then brought up the items on the proposed budget where money would be saved by not buying local. She stated that she would rather not save by switching away from local vendors.

Council member Wang then reminded those present that in their editorial to the Journal that Fair Meadow Administration had stated that they supported the local economy by buying local and that he felt they needed to buy local as well.

A brief discussion was then held on getting Fair Meadow's building materials out of the City shop on Garfield Avenue. The renovation project was done and the remaining materials were in the way for getting at City equipment. Mayor Wilkens then stated that City staff were currently taking inventory and making a list of items that could be sold at auction. He recommended that Fair Meadow could do the same and a joint auction could be held in the spring.

Advisory Board Member John Swanson then asked about the role of the Advisory Board moving forward. Leiting also expressed her wish that once all of the assessment matters were taken care of that it would go back to the way it was before with the Advisory Board making decisions that Council would approve of.

Mayor Wilkens then went over the information in the final report regarding the qualifications for a functional Advisory Board and how it was necessary that members either had a financial background or a nursing home background to rely on for sound decision making that would benefit the home. Advisory Board Member Marla Swenson then asked when Council would again address when Cheryl Hegg would be considered for the Board. Mayor Wilkens then asked how many vacancies there were on the Board. Angie Leiting replied that the Board usually had eight members and that there were currently seven on the Board including the two Council representatives. This was followed by a discussion on whether there should only be seven members since it was best, for voting purposes, to have an odd number on a board.

The meeting was then adjourned on a motion that was made by Council member Wise and seconded by Council member Jensrud.

Daniel Wilkens, Mayor

Lisa J. Liden, City Administrator