

**RACINE COUNTY
EXECUTIVE COMMITTEE AND HEALTH AND HUMAN DEVELOPMENT COMMITTEE
Monday, February 29, 2016
Ives Grove Office Complex - Auditorium
14200 Washington Avenue
Sturtevant, WI 53177**

Present: Kay Buske, David J. Cooke, Russell A. Clark, Mike Dawson,
Mark Gleason, Robert N. Miller, Monte G. Osterman, Thomas
Roanhouse, Donnie Snow, Pamela Zenner-Richards, Q.A. Shakoor II,

Youth in Governance Representatives: Meredith Freidheim, Emma Stock

Excused: Brett Nielsen

Absent: Ken Lumpkin

Staff Present: Julie Anderson, Janet Bernberg, M.T. Boyle, Jonathan Delagrave, Susan
DiPasquale-Peterson, Liam Doherty, Jane Grabowski, Tim Lavota, Carol
Melster, Mark Mundl, Ron Molnar, Hope Otto, Anita Seils, Sarah Street,
Alex Tillmann

Others Present: Jim Beere – County Executive Task Force
Alice Beezat
Robert Beezat
Mary Cronin
Ray DeHahn
Jean Jacobson – County Executive Task Force
Ethel Gates
Kaly Gloec
Robert Grove
Kimberly Kane
Tom Karkow – WRJN
Diane Lange
Maryann McMahon
Mary Meddaugh
M. Sheila Polzin
Ron Thomas – RIC & Hope Center

This was not a Human Services Board meeting; their attendance was not required.

Call to Order

Chairman Clark called to order the joint meeting of the Executive Committee and the Health and Human Development Committee and Chairman Cooke called to order the Health and Human Development Committee meeting at 6:00 p.m.

Chairman Comments

Chairman Clark read the Youth in Governance (YIG) statement.

Public Comments

County Executive Delagrave informed the committees that he met with Ridgewood employees. He explained that Ridgewood is being examined because dynamics in the health care industry, not because of the Ridgewood employees. The employees have been very good and are very good at delivering services to Racine County residents. He explained that the County may have been in this position five or ten years ago if it hadn't been for the employees.

County Executive Delagrave also clarified that operationally Ridgewood is not on the levy for 2015, he misspoke when he spoke with Ridgewood employees. Ridgewood does spend more money than it takes in and those numbers will be made available.

County Executive Delagrave will hold office hours at Ridgewood every Thursday 8:30 a.m. - 12:00 p.m. with the exception of one Thursday in March and that date will be provided. He explained that because of his mistake statement to employees he wants to be transparent. He offered to have Wipfli come back to do a reexamination for 2014, 2015, and projections for 2016 through 2020 if the committees so choose. He apologized to the employees for his mistake and explained that it was not out of not wanting to be transparent, it was because he misspoke.

Mary Meddaugh thanked the committee for giving her the opportunity. Ms. Meddaugh referenced the newspaper article headline titled *Ridgewood Sale Recommended*, published last week Thursday and a quote from one of the Task Force members, "it's not as if Ridgewood is going to go away, it is going to stay there and it is going to be a top notch facility. It's just who is going to operate it." She then referenced what she heard County Executive Delagrave say on the radio this morning. She said it was pretty much 180 degrees different than the article, he said well if it is sold, it's sold, what happens will happen the County would really have no control over that. She said she didn't hear his entire statement but the little bit she heard that was the gist of it to her.

She said having Ridgewood here is a definite quality factor for Racine County. She said it does provide a quality service and like any other service probably never meant to be revenue generating or break even. It is a cost of providing a quality service in our community. She continued stating she supports the County keep it, she continued stating it is a wonderful facility out there and said the staff does a wonderful job.

Robert Beezat introduced himself and said he had several questions, observations and considerations. Following are Mr. Beezat's comments:

One – Would the high quality service continue at Ridgewood if it is sold?

Mr. Beezat introduced his wife Alice who was in the audience and told the committee they serve as Eucharistic Ministers at Ridgewood on behalf of St. Ed's Parish. He said they are very impressed with the professionalism, kindness, and respect with which the patients at Ridgewood are treated. He said we all often hear horror stories of how poorly people are treated at nursing homes, most of which are privately owned and operated and they'd hate to see that happen at Ridgewood.

Two - Related to quality of care, what control would the County have over the quality of care at Ridgewood if it is sold?

Three - How would a sale affect the employees at Ridgewood; what jobs would be lost, would salaries and benefits decrease? Mr. Beezat indicated a key to having a high quality facility such as Ridgewood is to pay sufficiently to attract and retain high performing employees.

Four - We assume the County would receive a lump sum dollar amount when Ridgewood is sold and he asked how would that lump sum compare to its capitol investments the County has made over the years to build and maintain Ridgewood? Mr. Beezat explained he has been a municipal management consultant for 35 plus years working with over 350 cities and counties around the country. He has seen quite a few buyouts or attempts at buyouts which under value the investment tax payers have made for many years to build infrastructure.

Mr. Beezat continued, he explained local governments often entertain such sales because it gives them a one time influx of funds in lieu of raising taxes. The buyer gets a real bargain, the tax payers get short term tax savings but not full value for what they have invested.

Five – Would the corporation which buys Ridgewood still be in business fifteen or twenty years from now? A private corporation which buys public infrastructure can maximize their profits in the short run, fail to continue to invest in the facility and when profits diminish or seize they can declare bankruptcy and walk away from the problems.

Six - In addition to the five options identified in the charge for the Task Force is it possible to add a sixth option? One possibility might be a collaborative arrangement with a private provider of nursing homes in which the County would; a. retain ownership, b. have access to the corporation, and c. can hold the corporation accountable.

Finally, as tax payers we don't oppose raising taxes to keep control of this important facility. The Task Force said it will cost \$2.3 million over the next five years, which is \$460,000 a year. We've got 82,000 households in Racine County that would be a cost of \$5.50 per year per household which we're happy to pay.

Diane Lange greeted the committee and all in attendance. She explained when she was on the County Board there was previous effort to think about selling Ridgewood at that time. The consultant Mr. O'Keefe was hired then. She noted there was a brief little paragraph in the taskforce materials that they looked at about the O'Keefe report. She indicated there were many efficiencies made during that time and she said there are still other areas we could be doing.

Ms. Lange expressed her concern at the way this is being fast tracked in her opinion, to sell. She indicated the taskforce members, there was a lack of diversity there was no one from health care, unlike previous Task Force people like Ray Dulio from St. Luke's Hospital had been a part of the Task Force. She continued, stating there was no one to represent the families of our Ridgewood people, there were no people of color and there are a high number of residents at Ridgewood, and there was no one from the disabled population which we serve as well.

Ms. Lange expressed her concern with the speed in which this came before the committee. She asked the committee to not take any action tonight and she asked them to listen to the presentation that she was also looking forward to hearing.

She indicated there were other areas she was going to address, however because they were already addressed by other speakers she did not repeat those.

Ms. Lange asked the committee to see this as a valuable government service we are providing for the most vulnerable people in our county. She said we have been doing a good job and

Ridgewood is a place we can be proud of. The US Business World and News Report give it four out of five stars and that's looking at many, many nursing homes nationally.

Ms. Lange concluded, stating it's something we've worked hard to build and develop staff so they can provide good care and she asked the committee to not do anything to jeopardize that. She encouraged the committee to look for other options and to not sell.

Racine County Executive Task Force Recommendation

Ms. Jacobson introduced herself as the spokesperson for the Task Force and provided an overview of her history with Racine County and Ridgewood.

Ms. Jacobson congratulated County Executive Jonathan Delagrave for forming the Task Force to look at the operations of county government and indicated there will be some hard decisions to make.

Ms. Jacobson introduced the Task Force members; Jim Beere, President of Pioneer Products, Rusty Clark, Chairman of the County Board, Bob Miller, County Board Supervisor, Pamela Zenner-Richards, Vice-Chair County Board, Ron Thomas, Hope Center and Racine Interfaith Coalition.

Ms. Jacobson referenced the County Executive Task Force on the Future of Ridgewood Care Center document distributed to the committee and read Ridgewood's mission statement.

Ms. Jacobson described the scope of work and the five options assigned to the Task Force by the County Executive. The data and reports used by the Task Force are available on Racine County's website.

The Task Force considered the patients, the employees, and the taxpayers while making their decisions. Ms. Jacobson described what information the Task Force reviewed and the findings of their research.

Ms. Jacobson read the following Task Force recommendation:

The County Executive Task Force on the Future of Ridgewood Care Center recognizes Ridgewood Care Center as a positive community asset and endorses the mission of Ridgewood as very important for Racine County.

After considerable research and deliberation, the Task Force on the Future of Ridgewood Care Center recommends that the Executive Committee of the Racine County Board authorize the County Executive to publish Requests for Proposals for a commercial real estate broker experienced and specializing in the sale of nursing homes in the State of Wisconsin, to broker the sale of Ridgewood Care Center on behalf of Racine County. This process will enable the Racine County Board to analyze prospects in anticipation of a transfer to private ownership of the facility.

Upon review of the information presented by the Task Force and further discussions, the Racine County Board needs to make a determination if Racine County should remain in the nursing home business.

Ms. Jacobson continued, stating the benefits of interviewing and engaging the services of a qualified experienced commercial broker will:

- give the decision makers for Racine County a better understanding of how a transition could take place
- give the County Board and the County Executive a knowledge base to make an intelligent decision based on the facts of today's market
- give you the present market value of Ridgewood

Questions the decision makers should ask themselves:

- How would the value of Ridgewood change if you wait until the losses of Ridgewood grew over the next years?
- What happens if the market is saturated with other facilities currently being built?
- What is the market for this type of facility?
- What type of quality purchasers might we expect to see today?
- What type of conditions could Racine County put on such a transfer to assure the County the facility would remain in its present location and be operated under the mission of Racine County and Ridgewood's present mission?
- What type of deed restrictions could be placed on such a transfer?
- Would a private firm be willing to invest millions to expand the facility to enhance its services?
- Would a perspective buyer be profit or non-profit?
- What would be the real estate tax implications to Racine County?

Every seller does not have the same intentions, nor do the buyers in a real estate transaction. You want to work with someone who understands the difficulty and the emotions of such a decision. This is not the first time a county has come to this conclusion, so there are folks out there who can help work through this decision.

WCA, the Wisconsin Counties Association, is not aware of a county that has regretted moving in this direction. Without investigating this alternative for the future of Ridgewood, it would be a disservice to the citizens of Racine County and the County Executive as he will be putting his budget together soon for 2017.

Some might argue that a private operator could not possibly give the care that we as a county do, but the reality is with challenging funding and future budgets there is no guarantee that future elected officials or a future County Executive will continue to put this facility as a top priority, making the necessary improvements, hiring qualified people and enough staff to run it properly while cutting other programs like law enforcement, mentally ill, Workforce Development, keeping the roads in good repair, parks. Government is supposed to fill the gaps that the private sector can't provide.

Ms. Jacobson left the committees with the following question, "Should Racine County remain in the nursing home business in the future?"

Chairman Clark thanked the Task Force for the review of Ridgewood Care facility. He indicated it is now his decision as the County Board Chairman. He asked the Health and Human Development Committee and Executive Committee to do their due diligence on this matter. The combination of the two committees will have thirteen supervisors of the twenty-one, the eight not on these committees will have just as much opportunity to participate in this process.

The next step is for the County Board to tour Ridgewood Care Center.

The public can send comments or concerns to the Racine County Clerk's Office or e-mail rcclerks@goracine.org. Citizens were asked to include their name with their comments.

There will be a link on the County's website, section labeled Ridgewood Care Information that will contain all documents being reviewed.

Citizens were also encouraged to contact their own Supervisor if they have questions or to express themselves.

Chairman Clark stated that ultimately the County Board will make the final decision.

Chairman Clark asked the committee members what items they would like to be researched. Following are the committees' questions and comments:

- What will happen with the current staff and what is the cost? -- Shakoor
- What is left on the capitol budget related to Ridgewood, the length of time on that particular bonding and what those items were for? -- Osterman
- How does private pay cost with other counties that have transitioned to such, how have they compared to the public sector cost? What is the private pay sector cost rising with the similar period of time? -- Snow
- If we sell Ridgewood, how do we expect to go about assuring the quality of care? -- Snow
- What are the conditions that would be placed on such a sale and wouldn't we need to know those conditions and wouldn't the buyer want to know what those conditions are prior to making any kind of offer? -- Snow
- If Ridgewood is sold, will we completely wash our hands of Ridgewood or would it be similar to the Marina where it may revert back to the County? If we do wash our hands of it, can we be assured Ridgewood would be a health care facility or a mall at some point, how do we assure those types of things? -- Snow
- What is the net present value of the property and the equipment there so we have an idea of a baseline that we need be looking for in the event we do go to a sale? -- Gleason
- Would like more information from WCA, Wisconsin Counties Nursing Homes, and Leading Age Wisconsin (National group), about the difficulties other counties are experiencing and the challenges of selling. -- Miller
- There are other counties like Columbia which are doing fine. The Task Force looked at Kenosha. The full County Board deserves to hear what other counties are doing who do not have as much of a burden on the levy. We need to have the information for the full County Board about Kenosha and other counties in Wisconsin. -- Miller
- Present a worst case scenario to the Task Force. Explain what could go wrong with a sale. Before he makes a decision like this, that would be irreversible, the Task Force needs to know what could go wrong. -- Miller
- One major hurdle is legacy costs, we need more detailed information and a five year projection of exactly what that is. That will be important to analyze along with capital expenditures. -- Osterman

Chairman Clark asked the supervisors present in the audience if they wanted to add to the list. No items were added.

Sup. Miller expressed that a big discussion and a big reason why he was able to support what the Task Force came up with was based on the mission statement. He informed the committees that there are two Ridgewood mission statements; the one in the budget book and the one being marketed to the public since the Keefe Study. He reminded the committees of the two mission statements.

Sup. Snow asked if there has been research done related to the impact such a transition makes on the community and the residents of the community. He referenced the distance families may have to travel to visit and questioned the cost associated with travel. He indicated the care of an individual is often elevated and better by having visitors on a regular basis.

Correspondence and Other Business

Chairman Clark complimented the YIG members on how well they ran the YIG meeting last week.

County Executive Delagrave informed the committees that Wipfli will be engaged to do an independent study on revenues occurred in 2014, 2015 and projected out 2016 through 2020. Anticipate receiving that information in one month. Sup. Miller commended the County Executive for having that done.

Set Future Meeting Date – County Board Tour Ridgewood Saturday, March 12, 2016 at 10:00 a.m. No other meeting dates will be scheduled until after the tour.

Adjournment

The meeting adjourned at 7:00 p.m.

Distributions

- County Executive Task Force on the Future of Ridgewood Care Center

Respectfully submitted by,

Kimberly R. Bartel