

**MINUTES OF THE SPECIAL MEETING  
OF THE AMES CITY COUNCIL**

**AMES, IOWA**

**MAY 29, 2008**

The Ames City Council met in special session at 12:00 Noon on the 29th day of May, 2008, in the City Council Chambers in City Hall, 515 Clark Avenue, pursuant to law with Mayor Ann Campbell presiding and the following Council members present: Doll, Goodman, Mahayni, Popken, and Rice. Council Member Larson and *ex officio* Member Beals were absent.

Mayor Campbell explained that a special meeting had been called to discuss the future of mental health care services in Story County, specifically relating to the Richmond Center, which is funded in part with ASSET monies.

Those in attendance, in addition to Ames Mayor Campbell, were:

Dan Rice	Ames City Council, 1 <sup>st</sup> Ward
Ryan Doll	Ames City Council, 3 <sup>rd</sup> Ward
Sheila Lundt	Ames Assistant City Manager
Deb Schildroth	Story County Community Services Director
Linda Murken	Department of Corrections Services
Riad Mahayni	Ames City Council, 4 <sup>th</sup> Ward
Jim Popken	Ames City Council, At Large
Johnie Hammond	Richmond Center Board Member
Anne Armknecht	Executive Director of the Richmond Center
Julie Becker	Richmond Center Board Member
Dick Seagrave	United Way Allocations Committee/Board Member
Frankee Oleson	Executive Director of United Way
Rick Hugdahl	United Way Board President
Harv Terpstra	Richmond Center Board President
Brian Dieter	United Way Board Member
Matthew Goodman	Ames City Council, At Large
Dave Morris	United Way Board Member
Jan Putnam	United Way Board Member
Jen Plagman-Galvin	United Way Board Member
Julie Huisman	United Way Board Member
David Sahr	Good Neighbor Board Member

Anne Armknecht, Executive Director of the Richmond Center, advised that the purposes of this meeting were: (1) to make sure people are aware of what the Center does in Ames and Story County, and (2) to explain the Center's financial situation and its plans for the future to continue providing mental health care services to all parts of Story County. She said that the Richmond Center is a non-profit mission-based organization.

Ms. Armknecht explained that the Richmond Center provides: psychiatric evaluation and medication management for children and adults; therapy evaluations; crisis intervention; outreach services; and Employee Assistance Program (EAP) services to Iowa State, Mary Greeley, Ames School District, and other private businesses. She advised that last year, crisis intervention accounted for 3,072 calls and 258 walk-ins. The Richmond Center also has a Nurse Practitioner who provides adult psychiatric services; that person has a case load of approximately 500 and is seeing three new clients/day.

Psychiatric services are also provided to those who have been discharged from Mary Greeley to ensure that they have continuity of care. As a member of the Mental Health and Criminal Task Force, they also see patients from the Jail Diversion Program. It was stated by Ms. Armknecht that the Richmond Center averages 10.5 new patient intakes per day.

According to Ms. Armknecht, Iowa ranks 47<sup>th</sup> in the nation for psychiatrists per capita. Due to the rules governing Medicaid, it is difficult to get psychiatrists to come to Iowa. Private-practicing psychiatrists in this area already have extremely full caseloads or they will not accept patients who receive Medicaid or Medicare funding.

Ms. Armknecht said that the Richmond Center served 2,566 last year. She disputed the claims of some people that there are other agencies that could provide similar services in the absence of the Center. Center staff made phone calls yesterday to other organizations, and it was ascertained that agencies were either not accepting new patients or had at least a four-week waiting list.

It was pointed out by Ms. Armknecht that the Richmond Center is not just a Story County-funded mental health center. She listed the top ten payers. Ms. Armknecht explained that Story County pays the Center on a fee-for-service basis. It does not pay for children's services. The only block grant it receives is from Carroll County; it equates to approximately \$10,000. Ms. Armknecht pointed out that the Center has no control over what rates are set for its services. If they do not accept the rates, there is a segment of the community that wouldn't be served. The Center always accepts the rates, and they serve everyone.

According to Ms. Armknecht, the financial condition of the Richmond Center is not good, and they have been aware of that for some time. In FY 2005/06, the Center had a deficit of \$163,000. One of the reasons for the deficit was a "mass exodus" of therapists, a psychologist, and a psychiatrist who went into private practice and took their client base with them. In FY 2006/07, the Center had a deficit of \$36,000. In March 2007, Richmond Center administrators met with a financial consultant, who indicated that the situation was difficult because it cannot control the rates charged for services. They have also met with the Story County Board of Supervisors and with an ASSET administrative team; however, no additional financial assistance was given. Ms. Armknecht said that the Richmond Center Board is basically asking for assistance to get them through the next two payroll periods.

Ms. Armknecht advised that the Center had a 25% no-show rate in January and February 2008 due in part to harsh winter weather. In addition, Dr. Stern left with a patient load of 600, and the Billing Specialist left, which put them behind in their accounts receivables. Presently, Ms. Armknecht advised that they are very concerned about payroll; they made the May 29<sup>th</sup> payroll due to \$15,000 coming in from Medicaid. She said that she asked that this meeting be scheduled to provide an update as to the Center's financial situation. The Richmond Center has been experiencing a financial crisis for years; it is getting better, but it limits the agency's ability to be innovative in quality services. She said that the staff at the Center has not had raises or retirement contributions in two years. The Center is up-to-date on all April bills; however, it has \$29,000 due in payables. In May, \$152,000 in charges was billed-out. Regarding a long-term plan, Ms. Armknecht advised that discussions have been occurring for over a year with Community and Family Resources, a local substance abuse agency provider, on possibly merging with the Richmond Center.

Mayor Campbell asked if only Story County residents were served by the Richmond Center. Ms. Armknecht advised that 1,070 people were from Ames, 92 were from Nevada; the total number served

from Story County was 1,536.

Deb Schildroth, Story County Community Services Director, explained the County's role in mental health services. There are statutory requirements that must be followed; the County has to make available mental health services by contracting with a community mental health center or contracting with another mental health provider. Prior to 1996, the County provided an annual block grant in an amount of approximately \$400,000 to the Richmond Center. Agencies receiving grant monies were not required to file detailed reports concerning what services were provided. Senate File 69 was then passed, which created a fund in each county budget called the Mental Health Developmental Disabilities Fund. It very specific to only funding services for people with disabilities. In 1997/98, the County changed to a fee-for-service contract with the Richmond Center. Specific to out-patient services, Story County has seven contracts, which includes the Richmond Center. Ms. Schildroth noted that the Richmond Center is the only mental health center that provides support services for persons with chronic mental illness, in addition to outpatient therapy and psychiatry. She added that Story County has always subsidized private insurance. It does fund services for children on an outpatient basis if they do not qualify for Medicaid or the Hawkeye Program, but funding for school counseling is not provided. Ms. Schildroth said that the County has worked diligently with the Richmond Center Director on rates. After a two-year freeze on rates, the County gave a 13% increase last year. The County also assisted with bringing the Nurse Practitioner on board and entered into a two-year agreement for payment of an access fee (every client is charged an access fee, which is \$20 and paid by Story County). Ms. Schildroth advised that Story County has not made a decision on additional funding at this point; they are meeting tomorrow morning.

Frankee Oleson, Executive Director of United Way, advised that only one program – crisis intervention services – is funded by United Way. She said that the United Way Board met this morning and is really interested in doing all it can to sustain the programs that are so desperately needed in Story County. The Board is focusing on how to sustain programs and hope that long-term plan for sustainability can be created. The Board would like to see a reasonable short-term solution that would lead to long-term sustainability, “not just a band-aid.”

Rick Hugdahl stated that United Way does have funds set aside annually for grants. He said that part of the Community Impact Grant was targeted towards mental health; they just need a plan.

Assistant Ames City Manager Sheila Lundt advised that the City's contract with the Richmond Center is on a fee-for-service basis. The City reimburses the Center after the clients have been seen. Its contract focuses on crisis intervention and walk-in traffic; it is currently in the amount of \$17,500. It will be \$18,500 in FY 2008/09. Ms. Lundt said that ASSET recognized that the Center had financial issues after reviewing the audit, and a balloon payment on the mortgage was coming due. She agreed losing a psychiatrist in February 2008 caused additional financial problems for the Center.

Mayor Campbell asked what the financial consultant had stated. Ms. Armknecht advised that an audit will be due in June. She had met with the Center's banker to discuss a possible merger. The Center's line of credit has been used up: one loan was for roof replacement (presently at \$29,000) and one loan was for payroll (presently at \$33,000). Ms. Armknecht said that they had planned to do a capital campaign; however, the idea for a human services campus then surfaced.

Pastor Tom Niehof, 3624 Ontario Street, spoke as President of the Ames Religious Leaders. He said that he sincerely hoped the community leaders could find a way to keep the Richmond Center open;

its services are very much needed in the community for consulting and support. Mr. Niehof said that the Richmond Center is part of a network of service providers, and it would cause increased workload for other agencies, e.g., MGMC Emergency Room, if the Center could not provide mental health services.

Anastasia Tuckness, 711 Meadow Place, Ames, said that she was speaking on behalf of the Central Iowa Chapter of the National Alliance on Mental Illness and from the perspective of those who are consumers of mental health services. Ms. Tuckness said that it is not easy to access different providers, and continuity of care is very important. She said that, in a crisis, it is difficult to know where to go for assistance; presently, the Richmond Center provides that location. Transportation is also often an issue, and it would be a mistake to count on other out-of-town agencies to provide the services. Ms. Tuckness urged funders to find a solution to ensure that mental health services are available locally.

John Hostettler, Executive Director Community and Family Resources, said that discussions have occurred with the Richmond Center as to ways the two agencies could work together; there is some overlap of clients. It is premature to address any plan at this time, but there is potential for merging the two agencies. Mr. Hostettler stated that his agency serves eight counties. He said that when the Fort Dodge Hospital closed its mental health in-patient unit, its clients scattered throughout Iowa; some showed up in other hospital psych wards, but some ended up in jails. Mr. Hostettler also stated that continuity of care is very important. He challenged the thinking that if the Richmond Center closed, its clients would find assistance elsewhere. His experience has proven that when a system goes out, it hurts a lot of people and it costs more. There is no immediate panacea.

Linda Murken, Director of the 2<sup>nd</sup> Judicial District Department of Corrections Services and Chair of the Mental Health Criminal Task Force, advised that one out of four people involved in criminal activities suffers from mental health issues. She does not have a solution, but reemphasized that mental health services are needed and urged the funders to find a solution.

David Sahr, 5216 Kansas Drive, Ames, Good Neighbor Board Member, stated his opinion that the worst thing that happened to human services was the fee-for-services structure. One of the negative implications of that is that it presents little opportunity for on-going support of individuals after they leave the program. It also often prevents the continuity of service that is needed. He recommended that the idea of fee-for-services structure be revisited.

Dick Seagrave, United Way Allocations Committee/Board Member, asked for more information concerning the “no-show rate” and how that created a negative financial impact for the Center. Ms. Armknecht said that many clients did not keep their appointments during January and February; this was due, in part, to the weather conditions. The financial impact is difficult to estimate because it depends on what type of service the client was seeking. Also, they have over 200 different insurance companies and 400 different plans, and each pays at a different rate. Because the staff still needs to be present for emergencies, to see walk-ins, and perform other services, it is difficult to ascertain the implications of clients not showing up.

Brian Dieter asked about the stress level of the Center’s staff. Ms. Armknecht said that the Richmond Center staff members care very deeply and are very dedicated to their clients. One staff member has voluntarily decreased her hours and offered to come in for free on other days. Some have volunteered their services, rather than be paid. She is communicating extensively with the Center’s staff members and giving them as much reassurance as possible. Ames City Council Member Mahayni expressed

concern about the implications of the stress over time and the reputation of the service itself. He acknowledged the imminent needs, but emphasized that long-range sustainability issues must also be addressed. Pastor Niehof believes that the most helpful thing that can be done for the Richmond Center staff is to voice the community's support for the Center's mission.

Rick Hugdahl pointed out that part of the Center's debt resulted from the need to replace the roof of the building. It is his understanding that there might be a buyer for the building and asked if its sale could eliminate some of the Center's debt. Ms. Armknecht said that a formal appraisal had been conducted, and it appears that it could.

Johnie Hammond, member of the Richmond Center Board, suggested that a more aggressive fund-raising campaign be undertaken. That has not happened to date because funding was provided via a block grant by the County, and when that changed, the Center did not find enough ways to supplement its revenue sources. Ms. Hammond stated that she does not object to the fee-for-service method, but feels that there should be a County block grant to supplant that funding. There are services provided by the Richmond Center that do not result in an individual client being billed, e.g., community education, crises responses, etc.

Ames City Council Member Dan Rice said that he would like to see where there are areas for stability. Ms. Armknecht said that one area would be getting up-to-date on its billing, which would increase revenues. She advised that additional billing staff is coming in to help with billing. Also, increasing the speed with which clients are seen will increase the client volume. Ms. Armknecht said that merging with another similar agency would be the long-term plan.

Mayor Campbell recommended that funders provide to Ms. Armknecht, in written form, questions that must be answered as soon as possible. Ms. Lundt asked if Center personnel would be willing to meet with some of the funders to come up with a long-term financial plan. She believes that funders would like reassurance that any loans would be repaid. Ms. Armknecht said that part of the problem is that fees are fixed by outside sources. She said that the Center is not looking for a loan; it is asking for increased grant funding.

Ames City Council Member Jim Popken said that he would like a report from the Richmond Center staff as to long-term viability of the organization.

Mayor Campbell suggested that the Center look at other opportunities to partner – not just with Community and Family Resources.

Ms. Schildroth asked for a list of the top ten payers and what occurs to cause a shift in those payers. Ms. Armknecht told the funders to email questions to her directly. Her email is [Armknecht@midiowa.net](mailto:Armknecht@midiowa.net)

**ADJOURNMENT:** The meeting adjourned at 1:36 p.m.

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Diane Voss, City Clerk

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Ann H. Campbell, Mayor