

## COUNCIL ACTION FORM

**SUBJECT: FORGIVENESS OF NOVEMBER 2008 EMERGENCY LOAN TO THE RICHMOND CENTER**

### **BACKGROUND**

In late 2008 the City Council heard from representatives of the Richmond Center Mental Health Center, Community and Family Resources, Story County, Mary Greeley Medical Center, and United Way of Story County regarding the financial emergency at the Richmond Center. Community and Family Resources (CFR) had been involved in managing the Richmond Center (RC) for over two months, and had been involved in preparation of its 2007/08 audit as well as its ASSET budget request for 2009/10. CFR and RC were exploring the possibility of eventually merging their services. The RC asked that the City, United Way, Mary Greeley and Story County provide emergency funding of approximately \$178,000, available immediately. Without this additional funding, neither RC nor CFR were sure that the Center could be kept open beyond the end of November 2008.

City staff then met with CFR staff and discussed the City's current funding of RC, and service needs for Ames clients. City staff also spoke with Story County staff about the service areas which the City and County may look at in order to complement, and not duplicate each other.

On September 18, 2008, the **Story County Board of Supervisors** met and approved the following items of assistance for the Richmond Center (which at that time was effective immediately):

#### **Step 1 – Immediate assistance:**

- Provide \$10,000 towards the crisis line including the months in arrears.
- Provide \$10,000 towards stabilizing payroll for staff serving Story County clients.
- Provide an in-kind contribution of computers and IT technical assistance, valued at \$8,000.
- Earmark **up to** \$20,000 from HM/DD Risk Pool allocation towards increased psychiatry services

**TOTAL: \$48,000**

#### **Step 2 – Planning assistance:**

The loss of the Richmond Center psychiatrist at that time had placed not only the Center, but clients and others at a real disadvantage. Psychiatry is a critical component to a mental health center and without it, other services are at risk. When clients were referred to other agencies outside of Story County to receive psychiatric care, many of those agencies transferred all of their outpatient services to their out of county providers.

This placed additional financial strain on the Richmond Center as it lost customers. Story County wanted to enter into discussions with CFR/RC and other stakeholders immediately about the opportunities for bringing on a psychiatrist and shaping the other services that CFR is seeking state accreditation to provide.

The County also directed that CFR contact Boone, Greene, and Carroll counties about the assistance.

The **United Way Board** met on November 20, 2008, and approved an assistance package of \$44,500. United Way also made its assistance contingent upon other funders providing emergency assistance.

Mental health services continue to have a substantial impact in our community. The Police Department reports that officers respond to mental health related calls on a daily basis. The Ames Police Department is an active member of the Story County Mental Health Task Force. This Task Force is a cooperative endeavor of representatives from mental health professionals, county service provider agencies, and law enforcement organizations. **By mid-November of 2008, well over 300 mental health-related notifications had been made to the Task Force by the Ames Police (on a calendar year basis). This was a 76% increase over 2007. The need for mental health services has continued to rise through 2009 and into 2010.**

In meeting with representatives of CFR at that time, City staff identified two areas of service which the City Council considered in providing assistance to RC. The first area was nursing services. Nurses work with pharmacies, social workers, case managers and physicians to coordinate client care. Approximately 51% of the clients served by the RC nurses are Ames residents. This equates to approximately 1,100 hours of service to Ames residents in the year.

Additionally, the **City Council** made available a loan of up to \$25,000 to assist in paying for information technology equipment and programming for the client information system. This allowed for Ames residents to be more accurately tracked. This technology upgrade was said to be necessary to facilitate an eventual merger between CR and CFR, should that prove to be feasible.

The funding for the technology and programming upgrades was done in the form of a forgivable loan option. The City reimbursed the funding for the purchase, with the option for Council to consider forgiving the loan at some point in the future based on certain criteria being met.

The following criteria were to be met before the Council would consider forgiving the loan, at some point after July 1 of 2009:

1. The system provide information for use in tracking the service provided to, and outcomes of treatment for, Ames residents;

2. Mental health services be provided to Ames residents by either RC, RC and CFR together, or by CFR with its own accreditation at July 1, 2009;
3. Mental health services be financially viable and able to continue beyond July 1, 2009.

Ultimately the City Council provided \$20,000 for emergency nursing services and a \$25,000 forgivable loan for the purchase of software and its installation. The total funding of \$45,000 came from Local Option Sales Tax funds. It should be noted that Story County, Mary Greeley Medical Center, and United Way of Story County provided similar levels of funding at that time.

While the Richmond Center continues to provide services to Story County residents, the financial condition remains tenuous. The Center has yet to break even for a completed fiscal year. The Center hopes to complete the final review and update of its financial and client data from 2008 shortly.

The Richmond Center is currently sharing staff with Center Associates in Marshalltown. The organization continues to work at using tele-psyche to provide for client services in the absence of available staffing.

Both boards (RC and CFR) have agreed to continue working toward a merger. Before this could occur, the Richmond Center will need to break even for at least 4 quarters. It is unknown at this time when or whether that will occur.

The City staff has emphasized to the Richmond Center the importance of expanding crisis response. Law enforcement from the City of Ames, Iowa State University, and Story County continue to be overwhelmed by the number of calls received that relate to mental health issues. The number of threatened suicides is increasing dramatically. On a recent weekend, City of Ames officers responded to a half-dozen threatened suicide calls. Because of legal constraints, a person taken to Mary Greeley on a mental health call must also be evaluated for any health conditions which may or may not exist. This means that an officer can be required to remain at the emergency room for hours. The mental health task force is working with the Richmond Center and other key players to try to develop a viable alternative to hospitalization for those that do not need to go to the emergency room.

### **ALTERNATIVES:**

1. The City Council may approve forgiveness of the \$25,000 loan made in 2008 for the purchase of equipment and software to upgrade the Richmond Center's client tracking and billing system. The terms for the forgiveness of the loan have been met.
2. The City Council may take no action on the request.
3. The City Council may direct the staff to collect repayment of the loan.

**MANAGER’S RECOMMENDED ACTION:**

While the Richmond Center continues to work at stabilizing its financial situation, the terms of the 2008 loan repayment have been met. The City Council is not required to forgive this loan; however, should the City require repayment of this loan, it will only complicate the Richmond Center’s efforts at financial stability. The City Council should understand that only the City chose to put a portion of its assistance in the form of a forgivable loan. The other assistance was in the form of a grant, earmark or in-kind donation, with no expectation of repayment.

At this time, the Richmond Center is a vital player in county-wide efforts to improve our response to mental health crises. It is hoped that eventually the Center will be able to break even on its expenses and revenues for a fiscal year – at the same time that it is able to increase its crisis response capabilities.

Since all the conditions for forgiveness of the loan, as specified by the City Council, have been met, it is the recommendation of the City Manager that the City Council adopt Alternative #1 to approve forgiveness of the \$25,000 loan made in 2008 for the purchase of equipment and software to upgrade the Richmond Center’s client tracking and billing system.