



Providing adults with disabilities the opportunity to work and live in their community

**WACOSA Board of Directors Meeting
August 24, 2020
5:30PM – 8:00PM**

Board Members Present

Jon Archer
Jeff Benveniste
Ron Brandenburg
Zachary Dorholt
Laura Krueger
Jeff Murphy
Karla Myers
LeRoy Northam
Joe Perske
Lindsey Rennie
Jeanne Theis
Herb Trenz

Board Members Absent

Sherwin Anderson
Mollie Garden
Cheri Schofield

Staff and Committee
Members Present

STAFF

Steve Howard
Nancy Betts
Traci McKinnon
Sandie Westergren

COMMITTEE

Jennifer Johnson

1. BOARD CHAIR REPORT

A. CONSENT AGENDA:

Jeff Murphy explained the purpose of the consent agenda is to quickly get through matters previously discussed or vetted by another committee and are being presented for approval. Directors are to review the materials prior to the meeting and if further discussion on the topic is needed, Directors may ask to move the item to the regular agenda. The consent agenda this meeting included the following:

- Minutes from May 2020 Board meeting
- Board-By-Laws
- April and May Financial Statements
- 401K Audit
- 2019 Financial Audit
- Finance Committee Charter Revision
- Board Charter Revision

No one requested to move any of the items to the regular agenda.

Herb Trenz moved to approve the consent agenda as presented. Joe Perske seconded. Motion passed.

Jeff Murphy explained much of the meeting tonight will give the Board members an understanding of WACOSA's ability to provide services and how we are doing financially as this pandemic continues.

2. EXECUTIVE DIRECTOR REPORT

Steve Howard explained our industry has been struck hard by COVID. It has been incredibly challenging dealing with the emotions and issues we are being forced to deal with. Our leadership team has led the organization through this pandemic in an amazing and proactive way. There have been many legislative challenges, but we gained a little bit of legislative ground at the end of the last special session.

Steve believes this organization will continue to exist, albeit in a very different way, once we realize a new normal, whatever that new normal is. The leadership planning over the previous years is paying off now in terms of our financial resources and options available to us.

Currently we know of five organizations like WACOSA that have gone out of business statewide now. There are at least one or two others on the cusp because those organizations didn't do a good job of managing the "rainy day" fund. We've done a good job of building those funds, but as an organization with the restrictions put upon us due to COVID, we are bleeding to death. The question is to keep the bleeding to a minimum so that our resources will last as long as possible.

The leadership group has met regularly through this situation. We have taken the hemorrhage down to a trickle. When you can't increase revenues, you have to reduce expenses. By doing so, we are buying time and hoping the restrictions on who we are able to serve will be lifted. And we are hoping to make it to the next legislative session because the money needed can only be appropriated by legislative action.

Nancy Betts will talk about what we are doing programmatically and Traci McKinnon will talk about how we are doing financially.

Nancy Betts reported WACOSA was serving 620 clients before the forced closure by DHS. We had a waiting list of about 45. Today, we are serving 236 clients on a reduced schedule. That is about a 62% reduction in clients. Prior to that, about 80% of our clients were at 6 hours or more per day per diem. Now the guidelines we are required to follow allow for only 3 hours a day in-center up to 6 hours per day in community crews, and those two paths cannot cross. Meaning, in the past a client could do in-center work or programming and participate in community crew work. Now, however, they can only do one or the other. We are looking at a revenue loss of two-thirds of our revenue based on the numbers the government allows us to serve.

Two weeks ago we got news the Governor and DHS have turned up the dial a bit. We will be able to serve clients up to four hours a shift in center and up to six hours if it is a combination of two hours in the community and four hours in center. We are waiting for the official guidance, or rules we have to follow. We can't implement until we have those guidelines.

Moving from three, 3-hour shifts to two 4-hour shifts will be beneficial not only by the increased per-diems, but it will significantly reduce our transportation costs. This is the preferred long term solution as we were running two shifts prior to COVID and we will be able to ease back into our normal programming as we are able to lengthen those 4-hour shifts.

One of the surprises we encountered was the length of time it takes to communicate with each person, their guardian, loved ones, and social workers. There is a lot of paperwork that goes into

getting the client back into the program. There needs to be required documentation stating the individual understands the risk involved in coming back into an environment that would harbor more risk than if they stay home.

Once you have the signed paperwork, we need to find the space in the building, the appropriate cohort group, and be able to maintain social distancing. There are many rules around how we are able to provide the services.

We are finding most people at the onset want to come back, but then change their minds or put restrictions on their return, such as they can't be in a group with someone who lives in a group home setting. We are trying to work out the restrictions as best we can.

Prior to COVID our attendance rates were over 93%, which is unheard of. Part of the reason we are feeling it so painfully is we not only lost the clientele, but we lost their superb attendance, which had the net impact of harsher financial losses than had our clients been attending poorly pre-COVID.

Nancy predicts about one year from now, we will have about 300 clients, which is about a 50% cut. We may not see our numbers return to pre-COVID rates for three years or more.

Joe Perske asked the current situation for providing services for lower functioning clients, making sure to include them in our process even though they might need more care and assistance. Nancy Betts stated we have a wonderful relationship with Stearns County and they have been adjusting the staffing ratios to ensure we are able to serve all the clients. They are willing to re-write service agreements as necessary. We have not discriminated against anyone, and are making sure we can accommodate the clients who want to come back. The 1st Ave. Generations program is one of the highest needs groups and they have been up and running at about 50% for about three weeks now.

We do, however, have to put limitations on clients who may have moved during COVID and are now out of our transportation area. We have given providers the opportunity to bring in clients to WACOSA.

One of the struggles we have encountered is with group homes not wanting to allow the client to come to WACOSA for fear of them bringing back COVID into the home. However, it is a person-centered choice and if the home is not allowing them back, should they choose to come back, we are obligated to report that as a rights restriction. We don't want to do that because we want to maintain good working relationships with the homes, but it is a hurdle we are working to overcome.

Jennifer Johnson explained that, with their weekly DHS talks, groups homes are not technically allowed to say no because we are interfering with the person's right. There are group homes getting in trouble and getting the Ombudsman involved because we don't have the authority to prevent them from choosing to go to work.

Karla Myers asked if all of WACOSA's space is being utilized right now. Nancy explained part of our reopening plan was to ensure social distancing, separation of cohort groups, we have visual cues for clients, and traffic routes. All of our space is being utilized right now. Whitney is the one place we don't have enough space for all the clients who want to return, so we are looking at running two shifts in that program.

Nancy stated it would take about two weeks to scale up the services once we receive the guidance we are waiting for from DHS. We will be moving from three shifts a day back to two. It will mean rearranging every van route we had put in place. It will be cost effective, because we will be eliminating about one-third of the van routes. In addition, there will be cost and time savings in reducing our between shifts sanitation process.

3. COMMITTEE REPORTS/BUSINESS

A. PROGRAM COMMITTEE

Some of the opportunities we see right now includes working on remote services and offering classes remotely. These are additional, potential revenues stream we may be able to pursue. We are working on the logistics of facilitating classes and hope to have such an option up and running in the next few weeks.

The Stang crew will be starting back up again, but in a smaller capacity. It was a crew of 30 but will now be a crew of about five. They have done a COVID shift, going to packaging mouth guards for athletes to packaging COVID test kits.

St. John's approached us and asked us to start a new six person sanitization crew starting next week.

Steve approached our Sauk Centre Landlord and he agreed to reduce our rent by \$500 per month for the rest of the year.

B. FINANCE COMMITTEE

Traci McKinnon stated we have about \$950,000 in our operating and our money market accounts. This is lower than the same time last year. In our investment accounts as of July 31, we had \$2.6 million dollars.

We had \$133,000 in revenue in June. This compares to approximately \$500,000 in the past, in Medical Assistance funding. Our total revenues for the month are running around \$150,000 and our expenses are around \$431,000. We are trying bridge the gaps on finding grants and revenue sources. We applied for the Medicaid Relief Fund grant. That would be about \$20,000. We are also applying for the State Retention and Relief Program. They take our revenues for the month of January that we billed, and multiply that times 66%. We are estimating the total amount we might receive from this is \$225,000. This program was just signed by the Governor in the last legislative special session that recently closed. We are also applying for a Sherburne County grant of up to \$15,000 per month for the period of March through July. This could potentially bring in up to \$75,000. There is a possibility of a second round of grant funding scheduled for September.

Jeff Benvenista stated he wants to make sure we are allocating time to the most ideal sources of funding and not wasting time on insignificant grants. He doesn't want it to take productivity time away from what could be used for going after the larger line of credit.

Traci stated the applications for these funding sources all request the same information that is easily pulled from our tax returns and other easily accessed reporting.

Traci also stated she spoke with Kim at Bremer about the line of credit and they would give us a million dollar line of credit secured by our investments.

Jeff Murphy confirmed with Tracy that WACOSA is running about \$280,000 a month deficit. We have a couple of sources of grant money that may tide us over for a month or two. We also have approximately \$950,000 in cash. We would have three to four months liquidity until we burned through our cash. We are hoping to get some additional revenue from new DHS guidance for running four hour shifts, so we expect that to help reduce some of the current monthly deficit. He asked if WACOSA's deficit could get worse before it gets better or are we at the low point. Steve Howard said he does not know. Traci McKinnon believes this is the worst case scenario. We have been looking at different expenses we can cut. Work Comp premiums were reduced by almost \$91,000 for the remainder of the year. Given rent reductions of \$500 a month and Bremer deferring mortgage principal for October through December (principal payments will be added on to the end of the loan), we expect the total of these actions to equal a \$15,000 savings for the three month period.

Jeff Murphy stated there is definitely risk here unmatched in the history of WACOSA, but because of the leadership we have in place at WACOSA, we've bolstered reserves to a point where we can withstand the storm for a while.

Steve Howard stated the leadership team is progressively placing more restrictions on expenses the longer we go without relief.

Jeff Murphy asked Jon Archer and the Finance Committee to continue to pursue a strategy for going after the line of credit in an aggressive enough time frame.

C. HR COMMITTEE

Herb Trezn reported Sandie Westergren has resigned her position as HR Director. Steve and Herb will meet to discuss the position, after which the HR Committee will meet to develop a strategy moving forward for refilling the position. Steve and Sandie will create a job description based on the needs identified, and begin the recruitment process.

Jeff Benvinista asked if there was anyone internally available to fill the position. Steve stated it would depend upon the position. In its current form, there isn't anyone available, but if it moves to more of a managerial position, then possibly there is a candidate.

Jeff Murphy stated Sandie will be missed and we appreciate everything she has done in her tenure with the organization. She has made a tremendous impact.

Last year we had five unemployment claims for \$8,100. This year we have 118 claims for \$96,000. There is some potential relief from the COVID program. There's a protecting

Nonprofits from Catastrophic Cash Flow Strain Act. Given this, we could see a reduction of 50% of these claims.

D. FUND DEVELOPMENT

Karla reported the August 8th Drive-In Fund Raiser had a goal of \$50,000. Carrie and her team raised \$41,000 and she is working on a promotion to recoup the rest. Carrie's net this year thus far is about \$35,600. Last year it was about \$25,400. Karla remarked Carrie has done a great job increasing dollars over time and she is really growing into this role as a fund raiser. The event was fun and we had between 65 and 70 registered.

WACOSA received the most votes on the MN Truck fundraiser and we thought we won. But after the vote closed, we learned how the "up to" \$60,000 would be awarded. As they sell a truck in the month of September and October, the purchaser of the truck will decide which of the top four non-profits they wish to receive the \$200 donation of the sale. So we are competing against the Humane Society, Big Brother Big Sisters, and United Cerebral Palsy.

Next week the Fund Development committee will review the Gift Policy and incorporate Ron Brandenburg's recommendations. It will then go to the Brad Hanson at Quinlivan and Hughes to review. It will then go to the Executive Committee for approval.

E. MARKETING, COMMUNICATION & ADVOCACY COMMITTEE

Laura Krueger reported they have been working on recruitment of Marketing Committee members. They are presently a committee of four. The committee has put together a short term marketing plan. The main marketing goals are in DocuShred, ThriftWorks!, Development and Programs. We have stopped doing basically everything we didn't have a contract for. And, where we are contractually bound, we will continue to pay for these obligations in order to use our resources as wisely as possible at the present time. A part of our strategy is to use as many free resources as we can. So you may see some opportunities to tap into your own personal network as board members to try to grow some awareness for development.

We are using this time to connect with other committees. We are meeting with the Development Committee next week to talk about the donation process. Laura will reach out to Nancy to talk more about the interplay of Marketing and programs in the near future.

Many people think when times get tough you pull back on Marketing. However, such are the times to shift strategies and get creative to make sure we are using our resources appropriately.

Laura will post the Marketing Plan on the portal once it is complete.

4. STRATEGIC MATTERS

A. BOARD PORTAL – LeRoy Northam will send the Board Portal Concept to all members.

LeRoy asked everyone to provide him feedback on the document. We are about 30 days out from completion on the portal. That will entail removing the information from the current portal on the WACOSA website to a Google Docs portal.

B. STRATEGIC PLAN – Jeff Murphy and Steve Howard will get together and put together a subset of the board to take a look at the 5-year strategic plan that has been drafted with help of a strategic consultant. The board was not included in the first round of the strategic plan as strategic plan work was running concurrently with board restructuring. Jeff Murphy is asking if anyone is willing to be a part of this strategic plan review process. Once completed, the plan will be presented to the board for approval. Steve Howard explained they had to move the strategic plan forward as we would have had up to twenty recommendations from CARF during our CARF survey last year if we hadn't had an active strategic plan.

C. 5310 RESOLUTION – MNDOT has a grant program that pays for 80% of the capital cost of a vehicle to transport seniors or people with disabilities. Every two years we must show we need to add to our fleet or replace a vehicle that is aging. We need two resolutions on a 5310 grant. The first resolution approves the application for the grant and the second is a purchase resolution when we sign the contract. If we get awarded the grant, we are not locked in to spending a dime if we don't have the resources to do so. The vehicles cost about \$80,000 to \$85,000 and we are reimbursed 80% from the grant. We have received over \$600,000 over the years from this program.

Jon Archer moved to approve a resolution authorizing the application to the 5310 grant. LeRoy Northam seconded. Motion passed.

5. EXECUTIVE SESSION – Staff were excused for the Executive Session.

6. MEETING ADJOURNMENT

The meeting was adjourned

Next Meeting: November 23, 2020