



MINUTES

**ADJOURNED REGULAR MEETING OF THE GOVERNING BOARD
AUGUST 9, 2023 – 5:00 P.M.**

The Governing Board met in an Adjourned Regular Meeting held on Wednesday, August 9, 2023 at 5:00 p.m. in the MHSA Office located at 2001 North Garey Avenue, Pomona, California.

CALL TO ORDER Vice-Chair Nolte called the meeting to order at 5:03 p.m.

ROLL CALL Roll call was taken by Administrative Assistant Musa.

GOVERNING BOARD

PRESENT: John Nolte, City of Pomona, Vice-Chair
Wendy Lau, City of La Verne, Board Member
Ronald T. Vera, City of Claremont, Board Member
Jamie Earl, City of Claremont, Alternate Board Member

ABSENT: Jed Leano, City of Claremont, Chair
Carolyn Cockrell, City of La Verne, Board Member
Paula Lantz, City of Pomona, Board Member
Elizabeth Ontiveros-Cole, City of Pomona, Board Member

STAFF

PRESENT: Rimmi Hundal, Executive Director
Steven Flower, General Counsel
Diana Acosta, Chief Financial Officer
Elizabeth Renteria, Chief Clinical Officer
Seeyam Teimoori, Medical Director
Dana Barford, Director of MHSA & Ethnic Services
Natalie Majors-Stewart, Chief Compliance Officer
Sophia Musa, Administrative Assistant, JPA Administrator/Clerk Office

PUBLIC COMMENT

Chair Leano opened the meeting for public comment; and there was no public comment.

CONTINUED BUSINESS

8. CONTINUATION OF RESOLUTION NO 719. ADOPTING THE AUTHORITY'S PROPOSED OPERATING BUDGET & CASH FLOW BUDGET FOR FY 2023-24

Chief Financial Officer Acosta started her presentation regarding the Fiscal Year 2023-2024 Operating Budget. She briefly walked the Board through the structure of the budget; that at the beginning, there is a general narrative and history about TCMHA; that behind the total agency

tab, there is all the information she will be going over; that it will all be on consolidated basis. She added that the main schedules are right behind the total agency account because everything else is focused on the details. She explained that TCMHA has two funds; that TCMHA is not a traditional government therefore, there is no fund accounting for a full accrual government; that they basically have two funds. She mentioned that MHSA dollars are completely segregated, so MHSA is referred to as one fund and everything else is considered the general fund; that the General Fund is what captures realignment and everything else that is non-MHSA related. She continued by highlighting a few significant changes from the past year; that the biggest changes are due to Cal AIM and payment reform; that they have been expecting the implementation of Cal AIM and payment reform, which means they are going from a cost reimbursement model to a fixed fee for service model. She added that they are continuing to gather more information about Cal AIM and payment reform and that staff will keep the Board updated; that a lot of the information on the budget is based on preliminary projections and information they had at the time.

Board Member Vera inquired about the fee for service model regarding Medi-Cal clients, clarifying that the budget is based on assumptions. Controller Bogle responded in the affirmative stating that they are still gathering information from the Department of Mental Health regarding the mechanics; that without that information, they only have rates and projected units. Board Member Vera inquired about the formula and if staff knows how much TCMHA will receive in return. Controller Bogle responded that the Department of Health Care Services, over the past 18 months, has developed rates by the practitioner type; that it is no longer function; that the rates have been provided to all the counties and the counties have provided the fixed rates by practitioner type to the providers.

Discussion ensued and it was concluded that the assumptions are based on the known rates and what is expected to be produced as far as direct units of service; that the State has indicated that the lost time is made up for with the rates; that the rates produced are conservative.

Chief Financial Officer Acosta explained the consolidated finances; that everything behind the tabs is rolled up into the main schedules; that the schedule is the consolidated 18 schedules; that it is split into MHSA and Realignment. She shared that there are expected deficits in this next first year; that the \$3.1 million shown on her report is all realignment or general fund related; that on the MHSA side, there is \$4.7 million. She explained that some of the deficit is planned; that TCMHA has funds they have received previously that are not shown in the revenue section; that the budget does not show the revenue that corresponds to some of the expenses that have already been preplanned; that it is an accrual accounting. She clarified that it is the practice of previously recognizing revenue in order to plan a deficit, hence the inability to see it on the schedule. She mentioned that the revenue seen at the top of the schedule in her report is revenue that is being recognized this fiscal year; that the \$3.1 million on the realignment side and the \$2.1 million of the \$4.7 million from MHSA are specifically related to payment reform and Cal AIM. She assured the Board that they have plans in place to adjust and make modifications in order to maximize the efficiencies and implement what is needed to better navigate and maximize the Cal AIM rates; that they are in a year of implementation.

Board Member Vera inquired about a specific page on Chief Financial Officer Acosta's report. He noted that some of the figures do not add up. Chief Financial Officer Acosta responded by directing Board Member Vera to the second page of the report; that the first page shows the revenue and then the salaries; that salaries make up approximately 80% of the total expenses; that with the first and second page, it does total up to the \$37 million indicated on the budget.

Board Member Vera inquired about the model in place that is backfilling for the deficit and if that will cause further losses in the next few years. Chief Financial Officer Acosta stated that it can, but they have plans and progress in place to avoid that; that the budget is very conservative. She added that they have begun plans several months ago to modernize and improve upon operations at the clinic.

She continued by explaining the second statement. Vice Chair Nolte inquired about the \$2.1 million contained in the \$4.7 million and where it shows up. Chief Financial Officer Acosta referred to the physical copy of the budget and responded by stating that the \$2.1 million has to do with Full-Service Partnership programs under the Community Support Services Plan; that the four FSP programs are illustrated in four different columns; that if the deficit for those four programs are added up, it adds up to \$2.1 million.

Executive Director Hundal responded to Board Member Vera's inquiry regarding the deficit. She shared that they have plans in place to combat the deficit; that the numbers shown are conservative; that last year they implemented a new electronic medical record; that the numbers are improving and billing will continue to improve as well; that they are also looking at a centralized scheduling system model for TCMHA to improve the billing process. She assured the Governing Board that staff will keep them updated. Chief Financial Officer Acosta added that there is still information pending from the Department of Mental Health. Executive Director Hundal shared that the Department of Health Care Services has given certain rates to counties, but those are not the rates that are being passed down to providers for Medi-Cal; that for Medi-Cal, TCMHA is a provider for Los Angeles County; that they are still taking time to figure out the details. She added that the budget shows a very conservative projection, and it was created for the Governing Board to see what could be but they area going to turn it around.

Board Member Vera expressed his concern with approving the budget showing a deficit that is planned to be covered by reserves, especially with the MHSA reform initiative. Executive Director Hundal responded in agreement, stating that the executive team is meeting next week to discuss MHSA reform and what the plan is if it passes and what that will mean for Tri-City Mental Health Authority; that it is something outside of the agency's control.

Chief Financial Officer Acosta began to present more information about the cash flow schedule. She shared that everything in the operating budget flows into the cash flow schedule; that they start with beginning cash and despite the deficits, they project there will be an increase in cash. She explained that the deficit she is showing in the previous pages would be using up equity but in terms of cash, she still projects that they will be positive.

Governing Board Vera expressed that he did not understand. Chief Financial Officer Acosta mentioned that the previous two years are on a current year basis; that it shows current revenues coming in and the current expenditures; that the other schedule she was previously referring to accounts for the collection of previous accounts receivable; that in the last few months they were also expecting an influx of dollars, which is why she highlighted the \$24 million that they are expecting to collect. She clarified the fact that they will be collecting on these most recent years ending receivables and the previous years' receivables as well, which will help maintain cash over the next year. She added that they still project on the realignment side and increase to cash; that although it is presented as \$8 million or \$7.9 million deficit, that some of those are planned with regard to MHSA programs in order to avoid reversion. Controller Bogle added that the expense side also includes significant vacancies; that there is about \$4.7 million tied up in salaries and benefits from a budgetary perspective; that there are inherent savings there as well.

Board Member Vera asked if the assumption is that TCMHA will not cover. Executive Director Hundal responded by stating that she is certain they will; that it is on a case-by-case basis. Controller Bogle explained that there are grant funded positions that they are able to start because those dollars are dedicated to that and are not part of the operating deficit; that they are committed to spending the MHSA dollars. Chief Financial Officer Acosta added that they are being very strategic about which positions they will be temporarily freezing versus the ones that are absolutely necessary, specifically in providing support to the clinic. She opened it up to any questions.

Board Member Vera inquired about the June 30th cash on hand. Chief Financial Officer Acosta responded by stating that what is shown on the statement is pretty close to actual since they finalized the definitive the first week of July; that it is close to actual that they had on hand on June 30th, which is the \$38.9 million. Board Member Vera inquired about the amount of cash on hand that is allocated to MHSA programs that must be spent. Chief Financial Officer Acosta referred to the chart on her PowerPoint, specifically the consolidating cash flow; that the whole right side is MHSA; that they began the year with roughly \$30 million and they expect to have an increase.

Executive Director Hundal added that if MHSA reform does pass in March, implementation is not required until 2026; that they will have time to adjust spending, programs with stakeholder input and more.

Vice-Chair Nolte inquired if it was possible to receive a projection of the funds after 2026 to show the potential impact of MHSA reform.

Controller Bogle responded in the affirmative, stating that the County Behavioral Health Directors Association (CBHDA) has provided all counties and the two authorities with modeling tools; that the executive team will be using the modeling tools in their upcoming discussion regarding MHSA reform; that CBHDA has requested the information from the modeling tools in order to advocate for TCMHA and other counties and authorities.

Executive Director Hundal reiterated that CBHDA is collecting the data from all the counties and they will use it to lobby; that they will also be writing letters to Senator Eggman; that TCMHA will be sharing with stakeholders and the Board the details of the impact SB 326 will have on TCMHA if it passes.

Vice-Chair Nolte inquired about the possibility of advocating for the Authorities and their unique roles in comparison with the counties. Executive Director Hundal responded by stating that she is not sure if they can do that, but staff is hoping that SB 326 does not make it on the ballot.

Discussion ensued and it was concluded that the legislative proposal for SB 326 has not been voted on; that it will be voted on next week in Sacramento; that there will be many behavioral health organizations and associations speaking on behalf of TCMHA.

Board Member Vera requested clarification regarding the budget, specifically the \$4.7 million that will be used to operate as a deficit for mental health services money; if it is accurate that there is carryover money in the past three years that is going to be used. Chief Financial Officer Acosta responded in the affirmative.

Board Member Vera continued by asking that if, under the MHSA formula, the monies are still siloed so that TCMHA can only apply to specific programs like Community Support Systems (CSS) and Prevention and Early Intervention (PEI). Executive Director Hundal responded in the affirmative, stating that they have plans to spend it in those already approved by the Governing Board.

Chief Financial Officer Acosta added they also have the cycle of needing to spend the money within a three-year period except for Capital Technology Funds and other funds.

Controller Bogle explained that because of the timing and the rules, there will be a problem when there is an MHSA delay and tax filings, which will become a challenge in two years; that the tactics that are being used to protect that by transferring the funds into Workforce Education and Training (WET) and CFTN are also the things that CBHDA is helping to lobby under MHSA reform.

Board Member Vera inquired about the fact that there cannot be a line item in revenue as sustained; that the monies include from prior years so that it does not show as a deficit. Chief Financial Officer Acosta responded that in the future, they will create a line item that displays the existing funds so that it does not show a deficit, in order to improve the budget presentation.

Alternate Board Member Earl inquired about the \$7-million-dollar deficit, asking if it will be fully covered by carryovers or if some will be coming from reserves.

Chief Financial Officer Acosta explained that in TCMHA's set up, one hundred percent of the MHSA side is being covered by existing funds; that MHSA is the opposite of the general fund; that they have plenty of funds; that the overflow of funds will be an added challenge due to the coupling of delays in taxes in the previous year. She continued by saying that on top of that, there was a one-time adjustment of MHSA dollars; that the average used to be between 9 and 10 million dollars, whereas this year they are expected to receive up to 24 million dollars; that a hundred percent of the deficits will be covered by projected existing funds and projected inflow and collection of outstanding receivables.

Controller Bogle added that on the MHSA side, they have prudent reserves referring to the \$2.3 million that will not be touched; that there are prescribed methods of how to touch that if that data comes.

Chief Financial Officer Acosta mentioned that in terms of maximums and minimums, they are not purposefully deviated a low \$2 million; that it cannot be increased based on the formula.

Executive Director Hundal shared that the clinical staff is working very hard to increase their billables; that they are showing a lot of resilience and tenacity towards the work; that it all comes down to client care; that they will not fail in client care, and it shows in the clinical department.

Board Member Vera inquired about what information to share with their respective cities regarding the budget. Executive Director Hundal suggested hearing what they say at the stakeholder meetings; that there is an upcoming public hearing for the Innovation plan; that after they receive the MHSA language they will schedule a stakeholder meeting to present the information to stakeholders.

Board Member Vera inquired about the date of the next stakeholder meeting. Executive Director Hundal shared that they do not have the exact date yet. Director of MHSA and Ethnic Services Barford mentioned that there will be one in October although they do not have an exact date yet; that they hope to do it in-person or hybrid as well a morning and evening session.

Board Member Vera asked how many stakeholder meetings they are planning to host in the fall. Director of MHSA and Ethnic Services Barford responded by stating that it depends on the need; that they typically have an orientation and then the first stakeholder meeting in the fall; that within a year they have one mid-year, then the public hearing; that there have been times when the money is moved around and there is special funding; that if anything comes up with MHSA reform or anything else, they will be able to set stakeholder meetings based on that. Executive Director Hundal added that they can do small focus groups to review all the paperwork and then bring that to the larger stakeholder meeting. Board Member Vera responded in the affirmative stating that it would be helpful to know in terms of the importance both stakeholders for setting into motion projected programs that TCMHA could be adopting and how much money is in play. Director of MHSA and Ethnic Services Barford commented that they are also considering the potential impact of MHSA reform; that they do not want to get a program approved and then be unable to fund it by 2026; that in the meantime, until anything passes they are functioning under their current plan and continuing with that.

Executive Director Hundal added that staff is attending State meetings to stay updated with everything that is happening and how other counties are planning to spend the money and how they are planning to inform the stakeholders, so that it is a consistent message being shared from the County to stakeholders and the community at large.

Board Member Vera asked if it was possible to hire part-time staff to get the word out about the importance of coming to the stakeholder meetings and to provide background information about how the money will be used; that in his opinion, they are poorly attended.

Executive Director Hundal responded by acknowledging that attendance has declined over the years; that Director of MHSA and Ethnic Services Barford is working on the innovation project, which will focus on increasing stakeholder participation in Board meetings as well as Commission meetings.

Director of MHSA and Ethnic Services Barford added that they will try different strategies including hosting meetings where there is already foot traffic and community activities happening.

Board Member Vera suggested that it might be a good idea to get the students from University of La Verne School of Community Health to attend the community meetings as part of their classes. Executive Director Hundal responded that there are specific classes that do require that of their students.

Board Member Lau inquired about the communication that is happening through City forums. She proposed TCMHA attending or presenting at already existing community meetings; that it is hard for community members to care about things they do not know about; that it would be good to have TCMHA come to the city meetings where they can present about who TCMHA is, how they are funded and how they get things done; that it is important to go where the people are.

Director of MHSA and Ethnic Services Barford responded in the affirmative. Executive Director Hundal responded in the affirmative and stated that they normally go during public comment, make public comments and announce the information about the meetings; that it would be a good idea to get on the agenda and present; that they will reaching out to the Board members.

Vice-Chair Nolte commented that it is generally hard to get community participation; that he is skeptical about the process; that he believes those who should participate in the decision-making are those who use the services; that marketing the services that TCMHA offers seems the most beneficial rather than reaching out to stakeholders for the purpose of following procedures; that the best way to market TCMHA is to provide the best possible service. He explained that he would rather use the money towards providing better services and reaching the people who need mental health services who have not heard of TCMHA or who are not covered by TCMHA, to possibly fill those gaps.

Executive Director Hundal mentioned that typically the people who attend the meetings are familiar with TCMHA but staff plans to reach out to those who do not know about TCMHA; that she agrees that it is a good idea to go to the City Council meetings to present; that they have done outreach with law enforcement in the past and inform them of the services they offer; that they are open to suggestions; that they would like to penetrate into the communities that have not heard of TCMHA.

Discussion ensued and it was concluded that TCMHA staff try to attend as many community events as they can; that outside of the City Council meetings, they attend presentations and bring resources to community events to spread the word about TCMHA. Director of MHSA and Ethnic Services Barford added that stakeholder meetings are more formal; that in comparison with the past meetings, there is not as much funding for stakeholder meetings; that now, post-COVID, it is a different dynamic.

Board Member Lau mentioned that if TCMHA is not already connected with the City Managers of each City, there are always events to attend; that a lot of the things they hear in City Council meetings do relate to stigma and it is important to share that there is an organization that they can reach out to, that is TCMHA.

There being no further comment. Board Member Vera moved, Board Member Lau seconded to adopt Resolution No. 719 adopting the Authority's proposed Operating Budget & Cash Flow Budget for FY 2023-24. The motion was carried by the following vote, AYES: Alternate Board Member Earl; Board Members Lau and Vera; and Vice-Chair Nolte. NOES: None. ABSTAIN: None. ABSENT: Board Members Cockrell, Lantz, and Ontiveros Cole; and Chair Leano.

GOVERNING BOARD COMMENT

Vice-Chair Nolte shared that Tri-City Mental Health Authority was mentioned during a presentation regarding homelessness, specifically the work done at Hope for Home; that the work is appreciated and has had a tremendous impact.

PUBLIC COMMENT

Vice-Chair Nolte opened the meeting for public comment. There was no public comment.

ADJOURNMENT

At 5:56 p.m., on consensus of the Governing Board its meeting of August 9, 2023 was adjourned. The next Regular Meeting of the Governing Board will be held on Wednesday, September 20, 2023 at 5:00 p.m., in the MHSA Administrative Office, 2001 North Garey Avenue, Pomona, California.

Sophia Musa by Micaela Chaves
Sophia Musa, Administrative Assistant
JPA Administrator/Clerk Office