

# Southeast Minnesota Human Services Delivery Authority

## Final<sup>1</sup> Mobilize Phase Summary & Status Update

July 19, 2013

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### **Participating counties determined.**

Dodge, Mower, Steele, and Waseca counties each adopted a resolution to enter the first of three phases for implementing a multi-county human services delivery authority--the *Mobilize Phase*. (This phase is to be followed by a *Detailed Design Phase* and an *Implementation Phase*.)

### **Steering Committee established.**

A Steering Committee has been established to guide the development of the counties through the Mobilize Phase of implementation, as follows:

Dodge:	Lyle Tjosaas, Commissioner Jane Hardwick, Human Services Director Jim Elmquist, Administrator (Alternate: Rodney Peterson, Commissioner)
Mower:	Tim Gabrielson, Commissioner Craig Oscarson, Administrator Julie Stevermer, Health & Human Services Director
Steele:	Nina Huntington, Commissioner Tom Shea, Administrator Charity Floen, Human Services Director
Waseca:	Blair Nelson, Commissioner Laura Elvebak, Administrator Marilee Reck, Human Services Director (Alternate: Jim Peterson, Commissioner)

The Steering Committee adopted a charter and meeting schedule, and selected co-chairs: Jane Hardwick and Tom Shea.

### **Budget adopted.**

Dodge County Human Services has agreed to act as the fiscal agent for this phase. A grant of \$80,000 was awarded by the Bush Foundation. The Steering Committee adopted a budget of \$160,000 for this phase.

Final expenditures for the *Mobilize Phase* are in process, and an estimated balance of \$5,000 will be refunded to the four participating counties.

### **Scope of work determined.**

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<sup>1</sup>The *Mobilize Phase* of development was completed on July 19, 2013. Future updates will be provided for the *Detailed Design Phase*.

The Steering Committee identified the scope of work during this phase to include the following components, roughly described in the July 2012 Implementation Playbook that Accenture developed during the previous phase of this project:

- Revising the design, operating model, and business case based on the participating counties, including:
  - Organizational structure
  - Governance model
  - Funding model
  - Business case
- Establishing and confirming funding for the next Cross-Functional Detailed Design phase.
- Mobilizing program management.
- Mobilizing communications and change management approach.
- Developing plan and schedule for the next Cross-Functional Detailed Design phase.

This also included contracting for project management and the development of a pro forma financial statement. The scope included human services. This scope of work during this phase did *not* include public health in the model development, but did include consideration of making available administrative staff necessary to support public health for Mower County. Also, the Steering Committee requested that public health directors and community health services administrators meet to discuss the potential for public health to be part of the service delivery authority development at a subsequent phase and report back to the committee.

#### **Project manager engaged.**

The Steering Committee contracted with Springsted, Inc. for Jim Schug and David Unmacht to manage the project for this phase.

With guidance by the Committee, Springsted was responsible for project leadership, coordination, and support.<sup>i</sup>

#### **Agreement with a communications consultant approved.**

At the March 19, 2013 Steering Committee meeting, a short-term agreement with Brenda Delhanty for communications consulting services was approved for the period March 19 to May 31, 2013. The consulting agreement deliverables will include tools for use by commissioners and managers in communicating the project goals and status to the stakeholders and the broader community.

#### **Operating model and business case updated and revised.**

The first priority was to update and revise the operating and business case models. A contract and statement of work was executed with Accenture to accomplish this with direction provided by the Steering Committee. The Accenture team for this phase was: Peter Hutchinson, Program Director, Subject Matter Advisor; Jake Elder, Project Manager; and Aviran Sethi, Business Case Consultant.

A two-day workshop with county human services directors, administrators, project manager, and Accenture occurred in late January 2013 to review each of the assumptions and the data used in the 12-county model to inform the revision and update of the operating model and business case. At the completion of the workshop and after further analysis by Accenture, a presentation of the preliminary

findings was made to the Steering Committee on February 19 with the final revisions and deliverables submitted on February 25.

At their meeting of March 1, 2013, the Steering Committee voted to accept and approve the final revised operating model and business case as submitted by Accenture. The revised documents from Accenture can be viewed on the Dodge County Human Services website at: <http://www.co.dodge.mn.us/humanservices.html>.

The Steering Committee co-chairs and the project manager presented the revised model and business case to the full boards of commissioners and the human services staff of each of the four counties during March and April 2013. A written employee question and answer document was subsequently prepared and issued as follow-up to all employees in June.

#### **Financial pro forma completed.**

CliftonLarsonAllen, a financial consulting firm, was engaged to develop a financial pro forma for consideration by the counties in making their decisions on whether to move forward to the Cross-Functional Detailed Design phase in creating a human services delivery authority. This work included provision of a 5-year projection. The pro forma also tested the business case. The consultants met with a finance group from each county on April 8 & 9, 2013, and submitted a draft pro forma for review the following week. Following review and comments by the Committee Co-Chairs, Project Manager, and the Steele County Treasurer/Finance Director, the revised draft of the pro forma was presented to the four county boards at a joint meeting held on April 30. The Steering Committee reviewed, approved and accepted the draft at their May 3 meeting. The pro forma stated general agreement with the findings of the Accenture business case, i.e. that the proposed SDA will financially break even with the status quo of the current model while providing an improved operating model with greater accessibility and better outcomes from the services and programs provided by the new entity.

#### **Meetings with all four county boards and with community partners held.**

Other matters covered in the four-county meeting on April 30, 2013 included comments to the group by the Steering Committee members on their thoughts on moving forward with the redesign, a brief update on the project's status, presentation of the proposed local share contribution funding model, a proposed revised implementation timeline, a general overview and estimate of transition and implementation costs, presentation of the risk identification and mitigation strategy and a breakout group session to list what is going well with the project, what is worrisome, and what needs to happen to move forward.

On April 26, 2013 a meeting of the human services directors and approximately 47 people from area private and public social service providers, contracted agencies, schools and collaborative entities was held at the History Center in Owatonna. Steering Committee co-chairs presented the operating model executive summary, and human services directors responded to questions from community partners.

#### **Governance model approved.**

At their January 15, 2013 meeting, the Steering Committee was asked to give consideration to various elements of governance, including:

- Size of governing board, including an even or odd number of members, number of members in total and from each county
- Voting methodology, including weighting, per county or per member votes, tie breaking
- Alternates to the governing board

- Standing committee structure, including executive committee

A preliminary governance model was presented at the February 1 meeting and was adopted on March 1 for recommendation to the participating county boards when their decisions are made on moving forward to the *Detailed Design Phase*. The recommended governance structure is as follows:

#### *Board*

- 2 delegates from each participating county:
  - Elected officials (board of commissioners)
  - 2 votes per county (each delegate has own vote, does not need to be a county-vote)
  - Alternate delegate commissioner appointed by each board of commissioners, required for absence of delegate
- Items requiring a supermajority (75%) (Based on input received during the presentations to the county boards, this element may be amended pending further review and consideration.)
  - Budget adoption
  - SDA agreement amendments would require approval from supermajority of participating county boards
  - New member counties
  - Election of chair, vice chair of board

#### *Board officers*

- Chair: 2-year term; elected in odd-number years
- Vice-chair: 2-year term; elected in odd-number years; serves as chair of finance committee

#### *Board committees*

- Finance: Vice chair of the board would be chair to the finance committee
  - Staff liaisons: SDA administrator and finance director
  - County members: 1 representative from each participating county (either administrator-coordinator or chief financial officer)

### **Local share funding contribution model adopted.**

The county administrators, working with the project management consultants, developed a recommended local share funding formula and presented it to the full group of counties at the April 30, 2013 meeting and to the Steering Committee for their consideration and approval at the May 3, 2013 meeting. This model included, in summary:

- Principles:
  - Simple: Use understandable formulas.
  - Stable: Minimize swings and fluctuations in year-to-year contribution required from each county.
  - Represent, to some degree, population, historical demand for service, and ability to pay.
  - Recognize, to some degree, an equal benefit to each county for participating.
- Start-up, transition, and fund balance formula:
  - 33.33% based on member-county proportion of population
  - 33.33% based on each member-county proportion of estimated market value
  - 33.33% based on an equal share
- Operational funding formula (to be phased in as outlined below):
  - 50% based on member-county proportion of population
  - 50% based on member-county proportion of estimated market value
- Years 1 to 3: The counties will phase from their historical, base-year expenditures to the 50% population/50% estimated market value method, as follows:
  - Year 1: Same percent share as base year.
  - Year 2: 66.6% of total shall be same percent share as base year.
  - Year 3: 33.3% of total shall be same percent share as base year.
- Years 1 to 5: Out-of-home placement costs for children will be assessed to the individual county of financial responsibility.
- Commitment and withdrawal provisions, including equity and pay-out method.

**Detailed Design and Implementation budget adopted.**

Following a May 24, 2013, work session of county administrators/coordinators, human services directors and project management consultants, an estimated budget of \$3.3 million was identified for the *Detailed Design Phase and Implementation Phase*. The budget included the following:

Item	Estimated Cost
Process	\$650,000
Technology	\$1,325,000
Facilities	\$50,000
Procurement	\$20,000
Human Resources	\$190,000
Transition Team	\$697,667
Contingency	\$351,920
Total	\$3,284,587

The local share funding contribution formula for the transition period was applied and the financial impact on each county was shared with the Steering Committee at the committee’s June 7 meeting and subsequently to each county prior to their vote on moving to the next phase of implementation:

County	Share of Estimated Costs	
Dodge	21.13%	\$693,956
Mower	30.56%	\$1,003,639
Steele	28.01%	\$920,102
Waseca	20.29%	\$666,561

No grant funding was assumed in the projections, but an assumption was made that any grant funding received will be used to reduce the local funding share of the Detailed Design Phase.

The resolution considered by the county boards included an allocation of each county’s estimated share of costs for the *Detailed Design Phase*. It also included the following language applicable in the event fewer than four counties moved forward:

If fewer than four counties agree and sign this similar resolution, the detailed design phase budget will be revised by the Steering Committee, and the allocation of funds may be amended by subsequent decision of the participating counties’ boards.

**Key work groups convened.**

A meeting with county attorneys was held on May 21, 2013, followed by a meeting with each county’s chief financial officer and the lead human services financial person on June 7. The two groups were convened to lay the ground work for the next phase: (1) to answer questions about the design to date; (2) to identify key areas that will require attention as we complete the detailed design and prepare for implementation; and (3) to establish a method for working effectively together to successfully design and implement a multi-county human services delivery agency.

The county attorneys identified the following key areas for attention:

- Communication
- Statutory duties of county attorney
- Method for provision of legal advice to the SDA governing board

- Legal jurisdictions
- Child protection teams, including which attorneys are involved with which cases
- Day care licensing
- Court of appeals
- Adult protection
- Civil commitments
- Forensic interviews which may include a county attorney and/or local law enforcement in some counties
- Citizen access to court where most convenient to them
- Federal match for child support & welfare fraud, including direct billing and indirect cost allocation
- Contracts
- Relationships
- Clear protocols and processes, considering those currently in place
- Mapping out of slide 16 (of 96-slide operating model) with county attorney role included

There was emphasis placed on communication with a plan to hold regularly scheduled meetings with the four county attorneys during the detailed design phase – starting with monthly meetings, and the inclusion of county attorneys or their designee in work teams for detailed design areas related to county attorney roles and responsibilities.

Finance leadership for each county identified the following as key fiscal matters requiring attention in the *Detailed Design Phase*:

- Timing of each county's financial contribution based on projected cash flow of expenditures
- Out-of-home placement expenditures for children
- Using 2012 revenue and expenditure data, once audited, to inform SDA budget planning (enabling use of more than one year of recent data)
- Electronic document management system costs in relation to specific county costs versus SDA costs

There will be a regular convening of this group as the Detailed Design Phase gets under way.

#### **Grant application submitted.**

On April 12, 2013 an application was submitted to the Otto Bremer Foundation requesting funding to partially cover costs of the *Detailed Design Phase*. On June 26, 2013, the project was notified that the grant application was not approved.

An additional grant application to The Bush Foundation for financial support of the *Detailed Design Phase* is planned.

## **Dodge, Steele & Waseca counties voted to move forward to the *Detailed Design Phase* :**

At their meetings in June and July 2013 the boards of Dodge, Steele and Waseca counties voted to:

...engage in the detailed design of a multi-county human services delivery authority with the full intent to subsequently execute an agreement with those counties that agree and sign this similar resolution, whether it is all four counties or one or more other, to implement the authority –barring any unforeseen and very significant event.

*Implementation* is planned for January 1, 2015.

Mower County voted not to proceed to the next phase based primarily on their concerns about their future financial obligations under the regional structure.

**Planning documents accepted.**

The Steering Committee accepted the Risk Identification and Mitigation plan at the June 18, 2013 meeting. The draft Communications Management and Change Management plans were discussed and accepted by the Committee at the July 19 meeting.

The draft plan for the *Detailed Design Phase* was reviewed by the Steering Committee on July 19 and will be reviewed further at the first meeting of the *Detailed Design Phase Steering Committee* on August 2, at which time a revised budget and funding plan that reflect the now three-county partnership will be presented for the Committee's review and approval.

**Mobilize Phase completed.**

The *Mobilize Phase Steering Committee* completed its work on July 19, 2013, and will reconvene as the *Steering Committee for the Detailed Design Phase* on August 2.

**Additional information can be found at:**

<http://www.co.dodge.mn.us/humanservices.html>

Please contact the project managers, Steering Committee chairs or any other committee member for any further information:

Steering Committee Co-Chairs:

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Project Lead:

- Working with stakeholder groups and the Steering Committee to identify potential project risks and plan, develop and recommend strategies for their mitigation;
- Preparing and implementing a communication plan;
- Developing a change management plan;
- Managing consultant contracts;
- With redesign consultant, managing process of confirming a funding plan for the next phase;
- Serving as liaison with grant funders;
- In collaboration with steering committee, mobilizing program management in preparation for next phase;
- In collaboration with redesign consultant and Steering Committee, developing a plan and schedule for execution of next phase;
- Managing process of confirming a funding plan for next phase, including development of grant applications; and
- Supporting, facilitating, and assisting the Steering Committee as needed.

Project Coordination:

- In collaboration with redesign consultant, preparing detailed work plan, monitoring and tracking activities, controlling and adjusting project to stay within scope, budget and timeline;
- Providing status reports;
- Working with Steering Committee and stakeholders to gather and compile data, and convene and direct work groups; and
- Managing meeting schedules, developing agendas and gathering background information.

Project Coordination & Support:

- Providing support and coordination as needed to the Steering Committee, managers, and redesign consultant in managing meeting logistics and creating a project library.