

CARR Board Meeting

7/30/24

9AM

Zoom Call

Meeting called by:	Butch Lewis	Type of meeting:	Monthly Meeting
Facilitator:	Butch Lewis	Note taker:	Zoom AI / Christi Romig
Timekeeper:	Jaycie Lafrican		

Attendees:	Butch Lewis, Christi Romig, Scott Mounce, Gonzalo Ardavin, Dara Keller, Danielle Gillespe, Matt Neptune, Cali Peterson, Joy Hart, Amy Everet
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Minutes

Agenda item:	June Minutes	Presenter:	Butch Lewis
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Discussion:

-Will send out June minutes and have the board approve via email.

Conclusions:

June minutes will be sent out.

Agenda item:	June Financials	Presenter:	Butch Lewis
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Discussion:

-Requests to approve financials.

Conclusions:

June financials approved.

Agenda item:	Financial Matters	Presenter:	Butch Lewis
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Discussion:

- Changes in certification fees is the biggest issue
- Financial statement for June presented
- Motion to approve June financials

Conclusions:

-June financials approved

Agenda item:	Certification Fees	Presenter:	Butch Lewis
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Discussion:

-Butch discussed different options for certification fee increase

- Butch discussed with both Gonzalo and CARR staff prior to meeting
- 2 different models discussed from prepared spreadsheet
- Currently 86 operators and 288 certified homes in Colorado
- Butch discussed different outcomes with increase/decrease in residence/bed and operator numbers and with % growth/decline over the next year
- Cost to certify a program currently \$500/year and \$200/resident
- Currently CARR receives \$43,00/year for programs and \$57,600/year for residences (\$100,600/year) and \$200,000/year for BHA contract - CARR total current revenue \$300,600/year
- Predicted budget for 2026 (we are in fiscal year 2025 and are financially sound through 7.1.25) includes:
 - Reducing CARR staff to 4 but increasing 2 staff members for BHA contract
 - ARPA grant brought up to 6 people
 - Letting 2 people go from CARR
 - CARR needs a staff minimum of 4 to operate
 - 2 for certification
 - 1 for tech and grievances
 - 1 administrative
 - Leaves CARR at a \$264,000 deficit
- If CARR changes to a per bed model, the cost to certify a program currently is \$500/year for program and \$19/bed/year
- Discussion about increasing bed fees to \$120/bed/year
- Discussion on cost for programs to certify and that every program would have increased fees, but those with larger numbers of beds would see a significant increase
- With this increase, CARR would receive \$397,480 for certification fees and \$200,000 for BHA contract
 - Total revenue \$565,207
 - Net revenue \$32,000 for 5.4% reserve
- If bed amount is \$110/bed/year, there is less than a 1% reserve for CARR.
- Anything less than \$100/bed/year leaves CARR in the negative
- This model is the worst case scenario and would be effective 7.1.25
- CARR would have one year to move to bed model
- The fees will be easy to readjust if BHA increases contract
- CARR requires a sustainable and contributive Prudent Reserve
- Discussion with other scenarios including overall program income and fees
 - Fees for number of residences vs. beds
 - Larger programs with 40 beds could see an increase from \$8,500 to \$48,500
- Matt discussed the misconception that all residents are paying and when Signal funding runs out, there isn't anything to account for that lost revenue
- Gonzalo discussed model for fee structures
- Matt discussed that many programs operate at less than 100%
- Gonzalo stated that each program needs to create a sustainable budget to operate. All operators go through stages and have to offset expenses
- Butch offered information that programs with more beds have more gross revenue potential
- Matt discussed the increase in costs when your business grows. The bigger you are, the more overhead needed. Asked if there was another way to increase CARR revenue
- Butch talked about the economist scale diversifying out with larger businesses
- Cali asked if programs could pay monthly rather than yearly? Discussed that she would have to raise the rent/bed and that profit goes down each year due to increase in economic costs
- Butch discussed the process of change in budget from BHA to \$885,000 (asking for increase from BHA) from \$200,000
- Gonzalo stated that right now the programs are paying \$500/year for program and \$200/year for residence. The intent is to renegotiate the BHA contract for an increase. This is not about taxing the operators. We need to adjust to a bed count fee to maintain CARR capabilities and keep for certifying programs.
- Scott stated he considers the fees since 2019 to be a blessing and that paying monthly for programs who needed it would be a great option. With the economy the way it is, this is something that has to happen.

- Butch included that several states receive over \$1M in funding and still have \$1000/residence certification fees.
- Gonzalo asked where do we go from here. We are not proposing changes today. We will need to prepare operators to wrap their heads around increase in fees. If we use the bed model and a different formula, everyone in state will open their ears to how much of an issue this may be.
- Gonzalo proposed a vote to change fees from the \$200/resident model to \$19/bed model as a shift for operators
- Scott agreed
- Cali mentioned that there is a year to decide while CARR tries to get increased funding from BHA.
- Butch states that we wouldn't have to roll this out until June of next year. We need to get all the recovery residences involved. We will discuss at Summit in November. This will still give us 6-7 months runway. We can take the next two board meetings (August and September) to figure out and possibly vote in October.
- Matt talked about the pushback we will get from these increases. The more time operators have the better.
- Butch talked about the fact that CARR has no recourse currently if residences don't get certified.
- Gonzalo discussed the expenses being cut in programs.
- Butch stated that operators will have to chase money if they don't get paid. Possibly setting up monthly payments and collection agencies to help.
- Gonzalo states that CARR will meet operators where they need to be met. CARR would do the same for an operator today. We will uncertify if there is no payment made. CARR needs to work with BHA to monitor the good players vs bad actors and discuss repercussions for not paying CARR.
- Gonzalo made motion to change certification fees from \$200/residence to \$19/bed yearly.**
- Discussion on the BHA needing to approve this. Monetarily it isn't changing anything, but there is concern that homes will start hiding beds. If this happens, CARR would need to chard 2x fee for hidden bed.
- Matt states that organizations could easily move beds out.
- Scott states that they will try, but an inspector could find them and there will be a fee for hiding them.
- Butch discussed every other year inspections and random inspections for "off" year.
- Gonzalo restates motion
- Joy talked about sending this information forward to BHA and information from other states and what they are doing.
- Butch restates the motion
- Scott second
- None opposed - motion passed
- CARR will research other states.

Conclusions:

-Certification fees change from \$200/residence/year to \$19/bed/year

Agenda item:	Software	Presenter:	Butch Lewis
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Discussion:

- Butch mentioned that BeHave is challenging NDA
- Cali states that she is upset with how the deal went. It seems like their intentions were poor. We went through the whole deal and they had no intent to sell.
- Butch talked about how he tried to cain rights of control. He wished he would have known the intentions.
- Butch states that Dara was on all the emails. The federal contract would not allow us to enter a contract extended offer. Gonzalo and Butch worked with Ben to reduce the cost later but could not come to terms. ARPA funding restricts the offer. After months of negotiations, CARR had to move on.
- We also could not come to terms with OneStep
- BHA has all the information due to questions with attorney fees
- Joy discussed some of the legal procurement process and that things cannot be shared, but not destroyed. ARPA has rules. There are certainly expenditures for legal fees and she recommended bring this up at the BHA Office Hours. sessions

- Butch states that everything is still in procurement and cannot be destroyed.
- Dara will do some digging with contract law attorney.
- Butch discussed making sure software is able to talk with BHA and MSOs. We are going to try to build on salesforce through BHA. There are still questions for ARPA grant. He will respond to Ben's email.

Conclusions:

- Will continue to discuss at next meeting.

MEETING ADJOURNED at 10:15

Other Information

Observers: N/A

Resources: N/A

Special notes: N/A