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MEMORANDUM

January 18, 2017

TO: Capital Development Committee
FROM: Kori Donaldson, Principal Research Analyst, 303-866-4976
SUBJECT: Grand Junction Regional Center Campus FY 2017-18 Capital Budget Request

Summary

This memorandum provides a brief overview of the state's regional centers, background about the Grand Junction Regional Center (GJRC) campus and the timeline of important events related to the recommended closure of the campus, and an explanation of potential Capital Development Committee (CDC) actions related to the FY 2017-18 capital budget request: Grand Junction Regional Center Campus Relocation and Closure.

The Department of Human Services (DHS) operates three regional centers located in Grand Junction, Pueblo, and Wheat Ridge. Regional centers provide 24-hour residential services, including medical care, behavioral health services, and daily living support for adults with intellectual and developmental disabilities. Regional centers offer both on-campus residential care in an institutional setting and off-campus group homes. Regional centers are licensed to provide Intermediate Care Facility (ICF) beds (on-campus) or Medicaid Home and Community Based Services (HCBS) Waiver beds (off-campus in DHS group homes). Additional community living placements are coordinated by local Community Centered Boards, which are licensed by the state. Attachment A is an excerpt from the January 5, 2017, presentation by DHS to the Joint Budget Committee and lists the number of licenses held by and current census of each regional center.

Grand Junction Regional Center campus. The census of occupied on-campus ICF beds at the GJRC campus has declined from an average of 40 in FY 2012-13 to an average of 27 in FY 2015-16. Following the passage of Senate Bill 16-178, the department instituted a moratorium on new ICF placements in the region. As shown in Attachment A, the current census of occupied ICF beds at the GJRC campus is 23. At one point in time, the campus housed 900 residents. The GJRC campus is comprised of about 47 acres and 28 buildings. The following list summarizes the current use of campus facilities:

- eight dry-closed, vacant buildings;
- six program buildings;

- four support buildings (i.e., maintenance and laundry);
- three buildings used for program storage;
- three buildings used for support storage;
- two leased buildings; and
- two wet-closed, vacant buildings.

The campus is costly to maintain because of its age and size. For example, the department reports that the state has expended \$262,041 in emergency controlled maintenance funds to address failing campus infrastructure over the last five fiscal years. Additionally, the FY 2014-15 daily rate paid for residents of the GJRC campus was \$1,135, or \$441 more than the daily rate of \$694 paid for residents of the Wheat Ridge Regional Center campus. The difference in cost to operate the GJRC campus in FY 2014-15, based on the average census reported for the GJRC campus in that year, was almost \$4.0 million.

Background

Capital Development Committee recommendation to the Joint Budget Committee. In a March 3, 2016 letter, the CDC recommended to the JBC that it pursue legislation directing the closure of the GJRC campus. The CDC indicated that members of its committee would co-sponsor the legislation. The letter stated that the CDC believed that the quality of resident care would be improved if residents were relocated from the GJRC campus to more modern facilities better equipped to meet the unique medical and behavioral needs of the clientele.

Senate Bill 16-178. SB 16-178, which was sponsored by the JBC and co-sponsored by members of the CDC, directed DHS to vacate the GJRC campus, within the parameters of certain guiding principles related to relocating individuals receiving services on the campus to home-like settings of their choosing, and to list the campus for sale no later than July 1, 2018. Additionally, the bill required the department, no later than December 10, 2016, to submit to the CDC a plan for the disposition of the campus, including a plan to spend the proceeds of the sale, and capital budget requests associated with transitioning individuals receiving services on the campus to non-campus residences, based on the choices of these individuals. The bill also directed DHS to create an advisory group to develop the disposition plan and capital budget requests. The CDC received the associated budget request from OSPB on October 1, 2016. DHS forwarded the advisory group's recommendations to the CDC on December 9, 2016.

FY 2017-18 capital budget request. In its regular FY 2017-18 budget submission, the department requested state funds to build up to four, six-bed, ICF-licensed homes in the Grand Junction area. DHS said that it expected that residents would be given a choice of moving to other existing regional center facilities or to choose services provided by Community Centered Boards. The department anticipated that most residents would elect to remain in the Grand Junction area in homes operated by DHS, thereby necessitating the construction of new facilities. The department indicated that the request was submitted as a placeholder and that the total request amount could increase.

Advisory committee recommendations. DHS convened an advisory group in fall 2016 to determine the best course of action for relocating the GJRC campus residents and to assist the department in developing budget requests associated with the planned closure. Additionally, the department commissioned the Department of Health Care Policy and Financing, through a consultant, to conduct a service selection process with campus residents. The selection

process determined that a total of 22 current GJRC campus residents wanted to continue receiving ICF services in the Grand Junction area from DHS. In the December 9, 2016, report to the CDC, the advisory group's primary recommendation was to build ICF-licensed group homes — on a single site — with sufficient capacity to serve all 22 residents. Furthermore, it recommended that a cost comparison be conducted of different service locations in order to evaluate the potential benefits of remaining on a portion of the existing GJRC campus. Additional recommendations centered on determining what ancillary services, such as laundry, should be maintained, and the importance of planning for future needs and possible increases in the number of ICF licenses in the region.

DHS testimony to CDC and JBC regarding implementation of advisory group recommendations. DHS testified to the CDC in December 2016 and to the JBC in January 2017 about the FY 2017-18 capital budget request on behalf of the GJRC campus. During these hearings, the department indicated that it wants to conduct an additional analysis around the cost of building new ICF homes on a portion of the existing GJRC campus as compared to other service locations. It also said that it will reconvene the advisory group in 2017 to discuss the findings of the cost analysis and to develop additional recommendations. The department also indicated that, based on conversations with the Office of the State Architect about necessary planning and the average timeline for construction, it should be able to relocate GJRC campus residents by November 2019, rather than July 2018, as specified in SB 16-178.

Letters regarding advisory group recommendations. After the receipt of the advisory group's report, the CDC received two letters expressing concerns with some of the recommendations included in the report. The letters were submitted by Disability Law Colorado and The Arc of Colorado and cited concerns with the proposals to cluster ICF housing at a single site and to provide all services at this site. Specifically, the organizations argue in the letters against segregating people with intellectual and developmental disabilities from the larger community.

Budget Requests and Potential Committee Action

DHS will require budgetary support to coordinate the relocation of services and eventual closure of the GJRC campus. CDC staff anticipates that this support will be requested through both the operating and capital budget. Additional work will be funded through existing appropriations. The outline below details the work that may be undertaken to relocate services and close the campus, along with any actual or anticipated budget requests. Unless otherwise noted, the cost estimates were listed in a fall 2016 emergency operating supplemental request.

- 1) Planning
 - a) advisory group facilitator/move coordinator
 - i) \$150,000 for FY 2016-17 (*paid through an emergency operating supplemental*)
 - ii) \$150,000 for FY 2017-18
 - b) operational master plan
 - i) cost estimate: \$60,000
 - c) site cost comparison
 - i) funded from existing resources (DHS)
 - d) facility program plan
 - i) funded from existing appropriation (Office of the State Architect)

- 2) Design and construction of four new ICF homes
 - a) FY 2017-18 capital budget request = \$12,000,000
- 3) Other Costs
 - a) moving costs
 - i) cost estimate: \$310,000
 - b) renovate vacant GJRC group home
 - i) cost estimate: \$226,000

Potential CDC action. With regard to the FY 2017-18 capital budget request, if the CDC decides to recommend it for funding it could do so in whole or in part or it could opt to wait for the department and the advisory group to revise the budget request to more accurately reflect the total cost and need. The pros and cons of various committee actions are detailed below.

Option 1: Recommend fully funding the budget request in the 2017 Long Bill. The CDC could opt to recommend fully funding the budget request for FY 2017-18 in the 2017 Long Bill. The department has indicated that the project costs may increase and that additional program planning and cost comparisons are needed in order to identify the best course of action for relocating the GJRC campus residents. CDC staff recommends against this option.

Option 2: Do nothing. The CDC could opt not to prioritize or recommend funding for FY 2017-18. While this option acknowledges the fact that additional time and work is needed to better define the scope and costs of the request, it could delay the overall project implementation. If the CDC intends to support constructing new, ICF-licensed homes in the Grand Junction region, CDC staff recommends that the committee consider partial funding for the project in FY 2017-18.

Option 3: Recommend that partial funding for the project be included in the 2017 Long Bill or set aside for a future FY 2017-18 supplemental request. Based on a timeline showing the planning process to develop, construct, and transition residents to new facilities included in the advisory committee report, no funding is required until the second or third quarter of FY 2017-18. Therefore, the CDC could recommend to the JBC that it partially fund the request either in the 2017 Long Bill or that funding be set aside for a future supplemental request. The set-aside amount could fund professional services and land acquisition costs. The total amount identified in the budget request documents for professional services and land acquisition is about \$2.1 million. (The full professional services amount could be distributed over multiple years, so the total set-aside amount would likely be less.) If the committee plans to recommend funding on behalf of this request, CDC staff recommends Option 3 as the best course of action.

It is also worth noting that SB 16-178 created the GJRC Campus Transition Fund to offset the cost of relocating services from the GJRC campus. The current fund balance is about \$1.8 million. The CDC funding recommendation could take into account this cash fund source.

Regional Centers



Grand Junction

HCBS Beds: 80
HCBS Census: 53
HBCS Group Homes: 10
(1 offline)

ICF Beds: 46
ICF Census: 23
ICF Campus: 4 Dorms
Services: Residential and Day
Habilitation



Pueblo

HBCS Beds: 88
HCBS Census - HCBS: 52
HBCS Group Homes: 11
(3 offline)

Services: Residential and Day
Habilitation



Wheat Ridge

ICF Beds: 142
ICF Census: 129
ICF Group Homes: 19
(1 offline)

Services: Residential and Day
Habilitation

