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TO: Mayor and City Commission

FROM: Douglas E. Smith, City Manager

DATE: March 18, 2015

DISCUSSION AND POSSIBLE ACTION REGARDING THE AGREEMENT BETWEEN THE CITY OF MARGATE AND THE ALZHEIMERS FAMILY CENTER.

BACKGROUND: The Alzheimer’s Family Center (“the Center), located in Margate, provides in-home respite services for caregivers of individuals with Alzheimer’s in Northern Broward County. In addition, the Center provides counseling and other services. The City of Margate and the Center had an informal relationship for many years in which the City provided upfront monies to the Center. Grants for the Center are received after the date that services are provided by the Center; therefore, by the City paying expenses for the Center upfront, it would help with cash flow for the Center.

In 2007, the City of Margate approved a formal agreement with the Center (copy attached). Under the agreement the City provides bookkeeping services for the Center. The Center is to deposit with the City all monies they receive (with the exception of several types of accounts). Under Section 5 of the agreement, if the City determines that it has paid out more than \$75,000 than it has received from the Center, then the City may refuse to pay any additional funds for the Center until it has received additional funds from the Center as determined by the City Commission. The agreement also provides for sixty (60) days written notice to terminate the agreement.

The Center certainly provides services to individuals and families struggling with a difficult disease. Unfortunately, the Alzheimer’s Family Center’s deficit to the City is much greater than \$75,000 with the potential to continue increasing; the City has paid out much more than the Center has deposited with the City. City staff members met with the Center in June 2014. At this meeting, the Center provided information on cost savings measures that they had taken totaling over \$70,000 per year plus additional pending cutbacks/changes

with a potential savings/revenue of approximately \$60,000 to \$70,000 per year. In addition the information provided by the Center also mentioned the possibility of two large foundation grants and additional fundraisers in planning stages. Staff met with the Center again in February 2015; the Center was asked to provide a plan in three (3) weeks for repayment to the City. The Center just held a fundraiser event earlier in March 2015. Last week, the City was contacted by an attorney representing the Center who was authorized to provide several alternatives for payment back to the City; both alternatives were to provide the City with several payments in a total amount that is far less than the amount owed to the City.

The deficit is great enough that staff recommends that the City Commission immediately implement Section 5 of the agreement by refusing to pay additional funds to the Center until additional funds have been received by the City to lower the amount due to the City to under \$75,000. Since the City has been paying the payroll for the Center, this would include the Center taking over that responsibility. At the same time, staff also recommends that the City provide the Center with the sixty (60) day notice of termination of the agreement. Over the remaining sixty (60) days of the agreement, the City would continue to provide bookkeeping services for the Center, with the exception of the City paying payroll or any other expenses. Upon the Center providing complete information regarding their current finances, the Commission could potentially reconsider the effective date of the termination of the agreement.

RECOMMENDATION: Staff recommends that City Commission immediately cease paying expenses for the Alzheimer’s Family Center until the deficit to the City is reduced below \$75,000. Staff also recommends that the City Commission authorize staff to provide the sixty (60) day notice for termination of the agreement to the Alzheimer’s Family Center.

FISCAL IMPACT: To be determined.

CONTACT PERSON: Douglas E. Smith, City Manager