



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: RS2020-613, **Version:** 1

A resolution appropriating \$5,000,000 from the COVID-19 Pandemic Fund No. 30009 and \$1,500,000 from the General Fund Reserve Fund (4% Fund) for the continued operation of and repairs/equipment for the Bordeaux Long Term Care Facility, and requesting the Metropolitan Purchasing Agent to negotiate an emergency contract for the operation of the Facility from and after January 1, 2021.

WHEREAS, pursuant to Ordinance No. BL2016-422, Metro agreed to extend the lease of the real property and operations (the "Revised Lease") of the Bordeaux Long Term Care facility ("the Facility") located at 1414 County Hospital Road to LP North Nashville, LLC, which is a subsidiary of Signature Healthcare, LLC ("Signature"); and

WHEREAS, the Revised Lease provided for a reimbursement of losses incurred by Signature of up to \$3,500,000 per fiscal year; and

WHEREAS, although the Revised Lease was set to expire on June 30, 2020, Metro entered into an emergency six month extension to allow time for a request for proposals (the "RFP") to be issued for the operation of the Facility; and

WHEREAS, the time period for the RFP responses ended and Metro received no responses; and

WHEREAS, Metro notified Signature on September 22, 2020 of its election to have Signature discontinue all operations and start winding down the Facility's resident care operations, in compliance with all applicable laws and regulations; and

WHEREAS, the Facility provides long term care for some of Nashville's most vulnerable residents, including many who do not have the financial means to obtain needed care through a private facility; and

WHEREAS, the Facility has incurred additional expenses and suffered additional financial losses as a result of the COVID-19 pandemic; and

WHEREAS, Resolution No. RS2020-318, as amended, approved and accepted a local government Coronavirus relief fund grant by and between the U.S. Department of the Treasury to The Metropolitan Government of Nashville and Davidson County ("Metro"), acting by and through the Metropolitan Nashville Finance Department, in an amount not to exceed \$121,122,775.00, to respond to the public health emergency caused by the Coronavirus pandemic; and

WHEREAS, Resolution No. RS2020-318, as amended, requires approval by resolution of a plan for

disbursement of Coronavirus Relief Fund (“CRF”) grant funds; and

WHEREAS, the Metropolitan Council has determined that the appropriation of \$5,000,000 of the CRF grant funds for the continued operation of the Facility is necessary in order to respond to the public health emergency caused by the COVID-19 Coronavirus pandemic; and

WHEREAS, it is in the best interest of the citizens of Nashville and Davidson County to approve the appropriations provided herein.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. There is hereby appropriated the sum of \$5,000,000 from the COVID-19 Pandemic Fund No. 30009 to fund the continued operation of the Facility.

Section 2. The appropriation listed in Section 1 is hereby designated as part of the plan for disbursement of CRF grant funds required by Resolution No. RS2020-318.

Section 3. There is hereby appropriated the sum of \$1,500,000 from the General Fund Reserve Fund for building repairs and equipment at the Facility.

Section 4. The Metropolitan Purchasing Agent is hereby requested to negotiate an emergency contract for the operation of the Facility from and after January 1, 2021.

Section 5. The Metropolitan Clerk is directed to send a copy of this Resolution to the Purchasing Agent and the Director of Finance.

Section 6. That this Resolution shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This resolution would appropriate \$5,000,000 in CARES Act grant funding and \$1,500,000 from the General Fund Reserve Fund (4% Fund) for the continued operation of, and repairs/equipment for, the Bordeaux Long Term Care facility (BLTC) located at 1414 County Hospital Road.

By way of background, the Council approved Ordinance No. BL2014-688 in 2014 agreeing to lease the property and operations of BLTC to LP North Nashville, LLC, which is a subsidiary of Signature Healthcare, LLC (“Signature”). Pursuant to that agreement, Signature agreed to lease and operate the BLTC while state legislation was sought to approve a split of the skilled nursing bed licenses into two facilities. However, the required state legislation was never approved.

In 2016, pursuant to Ordinance No. BL2016-422, Metro agreed to extend the Signature BLTC operating lease and agreed to provide for a reimbursement of losses incurred by Signature of up to \$3,500,000 per fiscal year. Although the revised lease was set to expire on June 30, 2020, Metro entered into an emergency six

month extension to allow time for a request for proposals to be issued for the operation of the facility, but no RFP responses were submitted. As a result, Metro notified Signature on September 22, 2020 of its election to have Signature discontinue all operations and start winding down the facility's resident care operations by January 2021.

First, this resolution would appropriate \$5,000,000 in federal CARES Act grant funds for the continued operation of BLTC. The Council approved and accepted a Coronavirus Relief Fund (CRF) grant from the U.S. Department of the Treasury in an amount not to exceed \$121,122,775 via Resolution No. RS2020-318, as amended. That resolution requires approval by resolution of a plan for disbursement of CRF grant funds. As a result of this requirement, the budget ordinance for Fiscal Year 2021 (Substitute Ordinance No. BL2020-286) established a COVID-19 Financial oversight Committee ("the Committee"). The Committee includes six members appointed by the Mayor, and three councilmembers appointed by the Vice Mayor. The purpose of the Committee is to "collect, consider, and recommend appropriate uses of all federal and state funds provided to the Metropolitan Government specifically for COVID-19 relief and recovery, including but not limited to, federal CARES Act funds." This \$5,000,000 appropriation has not been considered by the Committee. Section 2 of the resolution designates the appropriation as being part of the plan for disbursement of CRF grant funds required by Resolution No. RS2020-318.

Second, this ordinance appropriates \$1,500,000 from the Metro 4% Fund for building repairs and equipment at BLTC. Section 6.14 of the Metropolitan Charter requires that 4% of all the general fund revenue of the General Services District be set aside each year solely for the purchase of equipment and building repairs. The required 4% fund information sheet now attached to the resolution states that the funds will be used for a new energy efficient and pathogen killing HVAC system and for elevator replacement.

Finally, this resolution requests the Metro Purchasing Agent to negotiate an emergency contract for the operation of the Facility from and after January 1, 2021.

The Director of Finance has submitted a letter stating that he is unable to certify availability of funds for this resolution in accordance with Rule 14 of the Council Rules of Procedure. A copy of the Finance Director's letter is attached to the resolution. The Finance Director's reasoning is based upon the federal requirement that the CARES Act funds be expended, not just allocated, by the end of December 2020. And there simply isn't enough time to perform the necessary review of the eligibility of such funds and then spend the funds before the end of the year.

Fiscal Note: The Council has appropriated a total of \$96,300,000 from the CARES Act Fund thus far through the Committee process. The resolutions nos. RS2020-657 and RS2020-658 would appropriate the remaining total unallocated balance of \$29,822,775. The appropriation of \$5,000,000 included in this resolution have not received a recommendation from the Committee.

This resolution would appropriate \$1,500,000 from the 4% Reserve Fund for purchase of equipment and building repairs. The current 4% Reserve Fund Balance after this appropriation and resolution no. RS2020-6659 is \$32,872,389.