

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
AMERICAN RESCUE PLAN COMMITTEE
COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
JUNE 6, 2022 – 4:30 PM
SPECIAL MEETING MINUTES

PRESENT: Commissioner Jimmy Keefe, ARP Committee Chairman
Commissioner Glenn Adams
Commissioner Toni Stewart
Amy Cannon, County Manager
Tracy Jackson, Assistant County Manager
Sally Shutt, Assistant County Manager
Brian Haney, Assistant County Manager
Rick Moorefield, County Attorney
Vicki Evans, Finance Director
Ivonne Mendez, Deputy Finance Director
Brenda Jackson, ARP Program Manager
Tye Vaught, Management Analyst
Chris Carr, Assistant County Attorney
Kevin McGuckin, Assistant County Attorney
Dee Taylor, Community Development Director
Jermaine Walker, Engineering and Infrastructure Director
Candice H. White, Clerk to the Board

1. CALL TO ORDER

Commissioner Keefe called the special meeting to order.

2. APPROVAL OF AGENDA

MOTION: Commissioner Adams moved to approve the agenda.
SECOND: Commissioner Stewart
VOTE: UNANIMOUS (3-0)

3. APPROVAL OF MINUTES

MOTION: Commissioner Stewart moved to approve the ARP Committee May 2, 2022 special meeting minutes.
SECOND: Commissioner Adams
VOTE: UNANIMOUS (3-0)

4. ITEMS OF BUSINESS

A. Small Business Economic Assistance Program

1. Program Timeline

Tye Vaught, Management Analyst, provided an overview of the Small Business Economic Assistance Program Timeline recorded below and guided the committee through the process aided by a PowerPoint presentation.



The image shows a blue slide titled "Small Business Economic Assistance Program Timeline". It lists key dates and events from January 20, 2022, to August 31, 2022. The date "June 10, 2022" is highlighted in yellow, and the event "All Applications Reviewed" is also highlighted in yellow.

Date	Event
January 20, 2022	• Application Opened
February 8, 2022	• Virtual Information Session
March 14, 2022	• Application Review Guidelines Approved
5 PM on March 31, 2022	• Application Deadline
April 19, 2022	• Notification of Communication Mode
April 20 – May 24, 2022	• Priority Applications Reviewed
June 10, 2022	• All Applications Reviewed
August 1, 2022	• ARP Committee Review/Recommend
August 15, 2022	• Board of Commissioners Award
NLT August 31, 2022	• Formalize Contracts

Mr. Vaught displayed a business assistance workflow dashboard and stated of the 160 business applications received, priority was given to the 50 applications from businesses that had not received prior local, state or federal funding. Mr. Vaught stated 4 applications failed the allowability assessment, 56 applications are in the needs review stage, 11 applications are undergoing allowability assessment, 15 are undergoing programmatic review and 72 applications need additional information.

Mr. Vaught displayed and explained various sections of the Small Business Economic Assistance Program Application and correspondence sent to applicants related to the Notification of Application Review Process. Mr. Vaught stated a Notification of Communication Mode form is also sent out and should also be completed by the applicant to confirm the method for future communication related to processing their application. Mr. Vaught outlined the application review process: Step 1 is the Minimum Requirement Review or initial screening to ensure the basic requirements of the application are complete; Step 2 involves the Allowability Assessment in which applicants are notified if additional information is needed and additional information may be requested during any step of the review process; and Step 3 notifies businesses that their applications have been determined to be pre-eligible and can now move to the Programmatic Review step to be scored. Mr. Vaught highlighted aspects of the scoring process after which the Application Review Panel submits recommendations to the ARP Staff Committee for further review. Mr. Vaught stated recommendations that are finalized by the ARP Staff Committee will be presented to the board-appointed ARP Committee for their consideration to be placed on the agenda of an Agenda Session meeting.

Mr. Vaught stated of the 50 priority applications, 4 failed the Allowability Assessment, 15 are in Step 3-Programmatic Review and information is being awaited on 31.

2. Priority Application Funding Recommendations

BACKGROUND

After successfully completing steps 1-4 of the Small Business Economic Assistance Program's application process, staff recommends approval of these listed small businesses to receive Coronavirus State and Local Fiscal Recovery Funds. Each application has been reviewed objectively and has submitted appropriate documents or records that show that the business possesses a reasonable capacity to use the recommended award in a fiscally responsible way and perform a public purpose. Staff's recommendations total **\$237,572**.

Angela Manuel DBA Angie's Beauty Salon (Sole Proprietor)

Requested Funding: \$10,000

Recommended Funding: \$10,000

LMI FTE positions retained: 1

LMI FTE positions created: 1

Angie's Beauty Salon is a salon that has operated in Cumberland County for over 30 years. This business also specializes in the creation of hair prostheses and custom wigs. In March of 2020, Governor Cooper mandated that indoor facilities like hair salons would temporarily close to slow the spread of the COVID-19 virus. The mandate profoundly affected the business owner who is considered LMI. Currently, the salon has space for three beauticians.

Custom Concepts Body Works LLC

Requested Funding: \$49,960

Recommended Funding: \$35,000

LMI FTE positions retained: 1

LMI FTE positions created: 5

Custom Concepts Body Works LLC has operated in Cumberland County since late 2020. The owner has over 30 years of experience in the automotive industry and created the business to restore vehicles involved in collisions and full classic vehicle restoration. Due to the pandemic and struggling to maintain staff, the owner has seen a drastic decrease in new business mainly due to the lack of capacity to take on new orders as he has had to do much of the work himself.

Shawon Bryant DBA Cadillac Lawn Care (Sole Proprietor)

Requested Funding: \$50,000

Recommended Funding: \$27,072

LMI FTE positions retained: 2

LMI FTE positions created: 3

Cadillac Lawn Care has operated in Cumberland County since early 2016. The business specializes in the installation and maintenance of lawns. The business relies heavily on its commercial and residential customers for sustainability. It experienced a decrease in demand during the pandemic.

Caring Hearts Behavioral Services LLC

Requested Funding: \$50,000

Recommended Funding: \$50,000

LMI FTE positions retained: 19
LMI FTE positions created: 2

Caring Hearts Behavioral Services LLC has operated in Cumberland County since early 2019. The business specializes in providing quality Applied Behavioral Analysis (ABA) services. The business works with children on the autism spectrum, children with developmental disabilities, and children with behavioral disorders. Due to the COVID-19 pandemic, the business has struggled with employees and clients missing work and appointments due to COVID-19 infections. The business has also been unable to compensate employees out of work due to a COVID-19-related absences.

Kut-N-Kalypso Inc.

Requested Funding: \$50,000
Recommended Funding: \$38,000
LMI FTE positions retained: 1
LMI FTE positions created: 1

Kut-N-Kalypso Inc. has operated the Barber Kings barbershop in Cumberland County since late 2018. The business is a full-service barbershop specializing in haircuts and hair restoration services and producing products. In March of 2020, Governor Cooper mandated that indoor facilities like barbershops would temporarily close to slow the spread of the COVID-19 virus. Due to the decrease in customers and revenues, the business moved to another more affordable location.

Cora Sheffield DBA The Camille Spa & Wax Studio (Sole Proprietor)

Requested Funding: \$50,000
Recommended Funding: \$33,500
LMI FTE positions retained: 1
LMI FTE positions created: 2

The Camille Spa & Wax Studio has operated in Cumberland County since late 2019. The business is a Day Spa that offers esthetician services such as facials, hair removal, eyebrow services (shaping, lift, extensions, and tinting), and makeup application. In March of 2020, Governor Cooper mandated that indoor facilities like spas would temporarily close to slow the spread of the COVID-19 virus. Due to this closure, the spa could not maintain staffing resulting in the owner being the only remaining employee.

West Cutz LLC

Requested Funding: \$25,000
Recommended Funding: \$15,000
LMI FTE positions retained: 1
LMI FTE positions created: 1

West Cutz LLC has operated in Cumberland County since early 2019. The business is a barbershop, and in March of 2020, Governor Cooper mandated that indoor facilities like barbershops would temporarily close to slow the spread of the COVID-19 virus.

Chanda Williams DBA Wigz N Stuff (Sole Proprietor)

Requested Funding: \$33,000
Recommended Funding: \$9,000
LMI FTE positions retained: 1
LMI FTE positions created: 1

Wigz N Stuff has operated in Cumberland County since late 2019. The business produces custom hair prostheses for customers suffering from the effects of alopecia, chemotherapy, and other medical issues.

Wreck & Release LLC Requested Funding: \$50,000

Recommended Funding: \$20,000
LMI FTE positions retained: 2
LMI FTE positions created: 2

Wreck & Release LLC has operated in Cumberland County since late 2020. The business offers a therapeutic recreational experience where customers dealing with stress can destroy items in a safe and contained area. Customers can also utilize paint rooms where they can either use a canvas or the room. Due to the pandemic, the business has limited the number of customers they can serve to maintain proper cleaning protocols—the business partners with organizations for at-risk youths and local counselors.

RECOMMENDATION/PROPOSED ACTION

Staff requests the recommendations be forwarded to the June 9, 2022 Agenda Session meeting as an Item of Consideration.

Mr. Vaught presented the background information recorded above. Mr. Vaught stated staff's original recommendation was \$237,572 in funding for conditional ARP awards for the Small Businesses recorded; however, the \$20,000 recommended for Wreck & Release has been placed on hold pending further information thus reducing the recommendation to \$217,572 in funding. Mr. Vaught stated all recommendations are contingent of the successful execution of a county contract.

Questions followed about the application review process, whether a business registration search had been conducted with the N.C. Secretary of State, what constituted an ineligible application, mailing versus physical addresses, whether there were any constraints on where a business's headquarters could be located, and whether the business sites had been visited to determine whether the businesses were open.

Chairman Adams asked whether the "LMI FTE positions created" was paying someone or renting a chair as in a barber's business. Mr. Vaught stated it related to full time staff positions and each applicant will have to go through a contracting process to be sure that is understood. Commissioner Stewart asked whether there would be follow up to see whether businesses actually hired someone. Mr. Vaught stated not only would the businesses certify on a contractual basis that

they will employ individuals, but monitoring will also be discussed and set up during the contracting period.

Mr. Vaught stated of the 110 nonpriority applications, 2 were duplications and will not be processed, 57 need review, 11 are in the allowability assessment process, and 40 applications need additional information. Mr. Vaught stated the request is to approve the 8 businesses so they can move forward to the June 9, 2022 Agenda Session. Questions and comments followed.

MOTION: Commissioner Keefe moved to check business registrations with the N.C. Secretary of State for the 8 businesses to verify they are a legal entity, to conduct onsite visits for the 8 businesses to ensure they have a physical location that is operating in Cumberland County and to approve the 8 businesses to move forward to the June 9, 2022 Agenda Session under these parameters.

SECOND: Chairman Adams

DISCUSSION: Chairman Adams asked the reason for verifying business registrations with the N.C. Secretary of State because people could be incorporated elsewhere but doing business in the county. Mr. Moorefield stated where the owner is a sole proprietor, the LMI employee has to be a resident of the county; the owner of the company could live somewhere else because the owner is hiring and paying people who live in the county. In response to a question from Commissioner Stewart, Mr. Moorefield stated if a sole proprietor is the only employee, does not reside in the county but owns a business in the county, the sole proprietor is not eligible under federal guidelines unless he/she set themselves up as an employee. Mr. Moorefield stated under state law, the county cannot give people money and the public purpose to be served by this program is employment of low to moderate income people; they will have a contractual obligation to retain the employees they list and add the employees they indicate they will add. Mr. Moorefield stated the contract will have a budget that will spell out how the funds can be used.

VOTE: UNANIMOUS (3-0)

B. Shaw Heights Sanitary Sewer Project

Ms. Cannon provided an update from the last meeting of the Fayetteville-Cumberland Liaison Committee meeting and stated City Manager Doug Hewett stated PWC cannot extend sewer without voluntary annexation per the city's ordinance. Ms. Cannon stated staff have become concerned that this is not a viable project and are seeking direction from this committee. A brief discussion followed. Ms. Cannon stated a resolution can go forward to the June 9, 2020 Agenda Session meeting and in the meantime she will clarify with CEO/General Manager Elaina Ball what authority PWC has.

MOTION: Commissioner Keefe moved to ask the Board of Commissioners to adopt a resolution asking the City of Fayetteville to waive its voluntary annexation

requirement so the county can go forward with the provision of public sewer to Shaw Heights.

SECOND: Chairman Adams

VOTE: UNANIMOUS (3-0)

C. Recruitment and Retention Recommendation

BACKGROUND

In her recommended budget for FY 2023, County Manager Amy Cannon noted a number of concerning trends related to the County's workforce. She said the COVID-19 pandemic and the "Great Recession" that followed have disrupted the traditional work environment and have resulted in employees seeking higher pay, better work/life balance, and work environments where they feel appreciated.

A study completed in February 2022 also revealed several issues with the County's compensation practices. Minimum salaries in most pay ranges are not competitive with comparable jurisdictions or in the region, making it difficult to recruit experienced employees. The County's practice of bringing the vast majority of new hires in at the minimum salary exacerbates this problem, and the fact that there is no mechanism to move employees through their pay range over their careers means that a significant majority of employees are clustered at or close to the minimum of their pay grade. Furthermore, when hiring above the minimum salary is authorized, it frequently creates significant inequities and compression issues with existing employees.

The County's turnover rate for the fiscal year was around 25 percent near the end of May, and more than 22 percent of the County's positions are currently vacant, meaning departments have been unsuccessful in filling them with qualified employees. The average Cumberland County employee has only four years of service with the County.

Since I became the County's Interim Human Resources Director in April, I have had conversations with several departments regarding the difficulty they have experienced in recruiting and the high number of vacancies in certain positions. In some cases, these vacancies have made it extremely challenging for departments to effectively carry out their basic functions, and at the very least have required the employees who are here to absorb this additional workload. As a result, these employees are burning out and morale is suffering.

Cumberland County is not alone in facing some of these issues. As noted above, the traditional work environment has been disrupted, and many local government jurisdictions are finding themselves seeking ways to retain their current employees and fill a high number of vacant positions.

The recommended budget includes a 4 percent cost of living adjustment for all County employees and a 2 percent increase to the minimum salaries for County positions. While this will provide some relief and help bridge the gap, inflation is at a 40-year high and gas prices continue to rise. Many other jurisdictions are also providing comparable or even greater cost of living adjustments

and this initiative will not completely solve the issues the County faces in terms of compensation, recruitment and retention.

The recommended FY2023 budget also includes a compensation study that will examine the County's classification and compensation system, compare the salaries of Cumberland County's positions with benchmark and regional jurisdictions, and provide recommendations to address salary compression, inequity, and competitive pay within the ranges. It will take time to complete the study and it is likely, given the County's history of compensating employees, that the cost of implementation will be significant and will need to be phased in over time.

The compensation study will show us what needs to be done in terms of pay to recruit and retain a well-trained, experienced workforce that will ultimately allow Cumberland County to provide the highest level and most efficient services possible for the county's residents. However, given the time and funding that will be necessary to implement the study's recommendations, I believe something must be done immediately to reduce the County's turnover rate and keep the vacancy rate from increasing over the next year.

The allocation provided by the American Rescue Plan offers a significant opportunity for the County to use one-time funding to provide our workforce with targeted incentives designed to keep them with the County. Other jurisdictions in the region have announced plans to use these funds to provide retention incentives to their employees, and I recommend Cumberland County consider doing something similar.

In March 2022, Wake County announced it would use \$20 million of its ARP allocation to provide employees hired on or prior to February 1, 2022, with retention bonuses through the end of 2022. The incentives are scaled based on salary. Employees earning less than \$60,000 per year will receive \$4,000 (\$1,500 in March, \$1,500 in August, and \$1,000 in December), employees earning between \$60,000 and \$99,999 a year will receive \$3,750 (\$1,500 in March, \$1,250 in August, and \$1,000 in December), and employees earning more than \$100,000 a year will receive \$3,000 (\$1,500 in March, \$500 in August, and \$1,000 in December). Employees hired after February 1 will receive a retention incentive of \$1,000 in December. The County is also giving all employees 40 hours of retention leave effective August 1, 2022.

In April 2022, the Harnett County Board of Commissioners authorized the use of \$560,000 as part of the County's ARP funding plan to provide retention incentives to EMS employees following significant increases in pay Wake County announced it was providing its EMS staff.

I believe Cumberland County should consider using ARP funds to provide retention incentives to employees in three installments over the course of the upcoming fiscal year with incentives paid out in July/August 2022, December/January 2022, and June 2023. The goal would be to provide an incentive to encourage employee retention and "stop the bleeding" enough to carry the County through to FY 2024 when we should have the recommendations from the compensation study and be in a position to begin implementing some of those recommendations. These incentives would represent a one-time allocation, meaning they would not constitute a recurring expense for the County.

Should the Board of Commissioners approve the ARP Grant Project Ordinance Amendment that will be presented on June 20, 2022, it will leave \$9,528,690 unallocated of the County's total ARP allocation of \$65,168,690.

In terms of the cost of providing these incentives, the County currently has 2,563 positions according to Munis. Assuming all of these positions were filled, the cost of providing a \$4,000 incentive to each employee (which is Wake County's incentive for employees who earn below \$60,000 annually) would be \$10,252,000. In reality, the County's current vacancy rate will substantially reduce this cost. A vacancy rate of 22 percent translates to 2,000 filled positions, meaning a \$4,000 incentive would cost \$8,000,000. Additional savings would be realized by excluding certain employees from receiving the incentive, such as those earning more than \$100,000; by providing a tiered incentive based on salary ranges like Wake County has; and as qualifying employees leave the organization over the next fiscal year. The goal of this incentive is to reduce turnover and keep the vacancy rate from continuing to rise, however we know this incentive will not completely stop employee turnover.

I also recommend the County consider providing an additional incentive to encourage recruitment and subsequent retention of newly hired employees similar to Wake County's provision of \$1,000 in December for employees hired after the retention incentives go into effect.

In conclusion, we have some substantial challenges in terms of addressing employee compensation, retention and recruitment. It is not something that can be addressed overnight, and not something that can be solved exclusively by increasing employee pay or providing one-time incentives. In addition to the recommendations in this memo, we are also looking at other ways to attract and retain employees in the "new normal," such as providing opportunities for remote work, flexible work schedules, and internships designed to provide potential employees with experience, build relationships, and grow our own workforce.

The recommended FY 2023 budget will help move the Board's strategic goal of addressing employee recruitment and retention forward. In the meantime, I believe providing a retention incentive will help the County reduce additional turnover and hopefully reduce the vacancy rate as fewer employees leave and additional recruits are hired to fill vacant positions. ARP funds offer a unique opportunity to provide these incentives without having to address this issue through the County's General Fund. As we move forward, HR will continue monitoring our key metrics such as employee turnover and the vacancy rate to make sure these incentives are working as intended.

I am seeking feedback and direction from the Cumberland County Board of Commissioners' American Rescue Plan Committee regarding staff's recommendation to utilize ARP funds to provide recruitment and retention incentives for County employees.

Please let me know if you have any questions or would like additional information.

Brian Haney, Assistant County Manager, presented the background information recorded above and the following PowerPoint presentation.

Concerning Trends for Cumberland County

- **County-wide Vacancy Rate (as of May 31): 22.23%**
- Jail: 42.32% (113/267)
- Health – WIC: 30.43% (14/46)
- Animal Services: 28.57% (16/56)
- Social Services: 26.41% (187/708)
- ITS: 22.45% (11/49)
- Sheriff's Office: 16.57% (55/332)
- Library: 10.06% (16/159)
- **Turnover Rate:** 25% near the end of May (27.35% when annualized)
- **Average Tenure of Employees:** 4 years

- **Departments are...**
- Experiencing difficulty recruiting qualified candidates and paying enough to bring them on
- Seeing equity issues with tenured employees when they do bring new employees above minimum
- Seeking to either raise salaries or reduce minimum qualifications
- COVID-19 and "Great Recession" have disrupted the traditional work environment
- Minimum salaries are not competitive with comparable jurisdictions
- Most employees are brought in at or near the minimum, regardless of experience
- No mechanism exists to move employees through pay range
- Hiring above the minimum creates significant inequities and compression issues with existing employees

What are we doing about it?

Recommended FY 2023 Budget includes:

4% COLA for employees

- 2% increase in pay grades
- Funding for Compensation Study

Mr. Haney stated recommendations from the compensation study should be able to be implemented late FY23 or FY24 and clarified compensation study does not address compression issues. Questions and discussion followed.

Other Strategies

- Remote Work
- Flexible Schedules
- Internship Program
- County-wide Job Fair
- Recruiting Retirees

Retention Incentives

- Wake County, NC - \$20M in ARP funds for Retention Incentives
- Less than \$60,000: \$4,000
 - \$1,500 in March, \$1,500 in Aug., \$1,000 in Dec.

- From \$60,000 to \$99,999: \$3,750
 - \$1,500 in March, \$1,250 in Aug., \$1,000 in Dec.
- \$100,000 and up: \$3,000
 - \$1,500 in March, \$500 in Aug., \$1,000 in Dec.

\$1,000 in December for employees hired after Feb. 1

All employees receive 40 hours in retention leave effective Aug. 1

Recommendation

- Provide Retention Incentives split over three payments
 - July/August 2022
 - December/January 2022
 - June 2023
- Provide Incentive for employees hired after implementation
- Use unallocated ARP funds: \$9,528,690

Potential Cost

- \$10,252,000 if all positions were filled
- \$8,000,000 for 78% of employees (based on 22% vacancy)
- Considerations to reduce costs:
 - Exclude employees earning above a certain annual salary
 - Provide tiered incentive based on salary ranges
 - Provide prorated incentives to part-time employees

Mr. Haney stated his goal both as the Interim HR Director and Assistant County Manager over General Government and Stewardship is to continue to improve and monitor the county's data surrounding employment and progress made with recruitment, retention and other areas. Mr. Haney stated the ask at this meeting is for direction and feedback on what has been presented. Mr. Haney stated he is not suggesting a dollar amount for consideration at this time. Questions and discussion followed. Ms. Cannon stated between the mortgage assistance, the rental assistance and the first-time homebuyer programs that have not yet been started, there is about \$5M to \$6M in ARP funding. Ms. Cannon stated instead of the ARP Committee providing a dollar amount, her ask would be to let Mr. Haney work on some of the parameters/options and then come back with a dollar amount at a special meeting of the ARP Committee on June 20, 2022 at 5:30 p.m.

D. ARPA Project Ordinance Revision

This item was removed from the agenda based on new information.

5. UPDATES

A. Aid to Non-Profits

Mr. Vaught stated the county received 41 proposals for aid to non-profits and pulled a staff committee together to review the proposals. Mr. Vaught responded to questions.

6. OTHER ITEMS

MOTION: Commissioner Stewart moved to adjourn.

SECOND: Chairman Adams

VOTE: UNANIMOUS (3-0)

There being no further business, the meeting adjourned at 6:20 p.m.

Approved with/without revision:

Respectfully submitted,

Candice H. White
Clerk to the Board