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CUMBERLAND
★ COUNTY ★
NORTH CAROLINA

BOARD OF COMMISSIONERS

CANDICE WHITE
Clerk to the Board

KELLIE BEAM
Deputy Clerk

MEMORANDUM

TO: Finance Committee Members (Commissioners Council, Edge, Faircloth)
FROM: Candice H. White, Clerk to the Board
DATE: November 1, 2013
SUBJECT: Finance Committee Meeting – Thursday, November 7, 2013

There will be a regular meeting of the Finance Committee on Thursday, November 7, 2013 at 9:30 AM in Room 564 of the Cumberland County Courthouse located at 117 Dick Street, Fayetteville, NC.

AGENDA

1. Approval of Minutes – October 3, 2013 Meeting (**Pg. 2**)
2. Report from Cape Fear Valley Hospital System Regarding Cost of Security at Roxie Avenue Center (**No Materials**)
3. Presentation on the Affordable Care Act and Impact on the County (**Pg. 10**)
4. Consideration of Creation of Bragg Estates Water and Sewer District (**Pg. 26**)
5. Update on Senate Bill 73: Requirement for Local Workforce Development Boards (WFD) to Use Competitive Selection Process (**Pg. 27**)
6. Report on Outsourcing the County's Employee Assistance Program (**Pg. 29**)
7. Review of Monthly Financial Report (**Pg. 31**)
8. Other Matters of Business (**No Materials**)

cc: Board of Commissioners
County Administration
Melissa Cardinali, Finance Director
Howard Abner, Assistant Finance Director
Tammy Gillis, Senior Internal Auditor
County Legal
County Department Head(s)

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CUMBERLAND COUNTY FINANCE COMMITTEE
NEW COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
OCTOBER 3, 2013 - 9:30AM
MINUTES

MEMBERS PRESENT: Commissioner Marshall Faircloth, Chairman
Commissioner Jeannette Council
Commissioner Kenneth Edge

OTHER COMMISSIONERS

PRESENT: Commissioner Ed Melvin
Commissioner Charles Evans
Commissioner Jimmy Keefe

OTHERS: James Martin, County Manager
Amy Cannon, Deputy County Manager
James Lawson, Assistant County Manager
Rick Moorefield, County Attorney
Melissa Cardinali, Finance Director
Howard Abner, Assistant Finance Director
Sally Shutt, Chief Public Information Director
Candice White, Clerk to the Board
Press

Commissioner Faircloth called the meeting to order.

1. APPROVAL OF MINUTES – SEPTEMBER 5, 2013 REGULAR MEETING

MOTION: Commissioner Edge moved to approve the minutes.
SECOND: Commissioner Council
VOTE: UNANIMOUS (3-0)

2. CONSIDERATION OF FUNDING REQUEST FOR STATE VETERANS
CEMETERY PROJECT

BACKGROUND:

The Cumberland Community Foundation is seeking to make improvements at the Sandhills State Veterans Cemetery. The State has appropriated \$125,000 to the Division of Veterans Affairs to construct an enclosed committal structure at the cemetery; however, the total estimated cost of the project is \$300,000.

The Cumberland Community Foundation is requesting a \$10,000 contribution from Cumberland County to be used for the committal structure project. After reviewing the contribution request with the Legal Department, it was determined that a contribution by the

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County can be made upon approval of the Board of Commissioners since the County does have statutory authority to fund non-profits.

RECOMMENDATION/PROPOSED ACTION:

Staff recommends an appropriation to the Cumberland Community Foundation in the amount of \$10,000 be made from fund balance, if the Board of Commissioners desires to fund the request.

James Martin, County Manager, reviewed the background information as recorded above and stated at the board of commissioners Monday, September 16, 2013 meeting, Archie Barringer asked the county to contribute \$10,000, to be used along with the \$125,000 state Division of Veterans Affairs grant, to enclose a committal structure at the Sandhills State Veterans Cemetery.

Commissioner Edge asked if this would be a one-time contribution by the county. Mr. Barringer responded in the affirmative. Commissioner Edge suggested that Mr. Barringer make sure all municipalities are afforded an opportunity to make contributions. Commissioner Council suggested that the funding request could go before the Mayor's Coalition at their next meeting on Friday, November 1st because the project affects all of Cumberland County. Additional questions followed. Mr. Martin advised the Cumberland Community Foundation, an existing non-profit organization, would be the recipient of contributions.

MOTION: Commissioner Edge moved to recommend to the full board approval of \$10,000 to help support the project under the circumstances as outlined.
SECOND: Commissioner Council
VOTE: UNANIMOUS (3-0)

3. CONSIDERATION OF EXTENSION OF CURRENT SALES TAX DISTRIBUTION INTERLOCAL AGREEMENT AS REQUESTED BY THE CUMBERLAND COUNTY MAYORS' COALITION

BACKGROUND:

At its meeting on Friday, May 3, 2013, the Cumberland County Mayor's Coalition discussed sales tax distribution.

At its meeting on Friday, August 2, 2013, the Cumberland County Mayor's Coalition sent a written request to Chairman Keefe that the Cumberland County Board of Commissioners consider extending the current Sales Tax Distribution Interlocal Agreement for an additional seven years.

RECOMMENDATION/PROPOSED ACTION:

Consider request of the Cumberland County Mayors' Coalition regarding the sales tax distribution interlocal agreement.

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Mr. Martin stated the request to extend the current Sales Tax Distribution Interlocal Agreement was considered by the Finance Committee at its September 5th meeting and is being brought back to the committee for further discussion.

Commissioner Faircloth stated he favored an extension to April, 2018 because the board of commissioners would then have the revaluation information and know the tax rates for all of the municipalities as a result of the revaluations. Commissioner Faircloth also stated if the legislature were to take any action on sales tax distribution, it would likely do so within the next five years, and he felt in five years the board would have all of the information it needed to act.

Commissioner Edge asked whether a hold harmless clause could be included in the agreement. Rick Moorefield, County Attorney, stated as long as the board decides what the hold harmless provision should be and the parties could agree to it. Commissioner Edge stated the county has to help fund the school system and an array of social and human services regardless of whether cities grow in population through annexation.

Commissioner Keefe stated three of the nine mayors that agreed to the seven year extension would not be in office following the municipal elections and at that point, the process would have to start all over again. Commissioner Keefe asked Mr. Martin and Mr. Moorefield whether they agreed with ten years. Mr. Martin stated he would agree with extending another seven years. Mr. Moorefield stated he would agree as long as the agreement addressed any statutory changes in the distribution mechanism. Discussion followed.

At the request of Commissioner Evans, Mr. Moorefield explained the legislature could take action that would overrule any county contractual agreement. Mr. Moorefield stated under current legislation, it is up to boards of county commissioners to determine how sales tax distributions are made and cities are attempting to influence legislation that would take that authority away from boards of county commissioners. Mr. Moorefield also stated if there is any change in the distribution method, it will not favor counties because cities are seeking a point of sales distribution relative to their city limits. Mr. Moorefield further stated cities have overlooked the fact that the counties' funding obligation of health, education and welfare obligations of counties will not change and that sales tax revenues have been instrumental in funding these county functions.

Commissioner Edge stated he learned from the N. C. Association of County Commissioners that the N. C. League of Municipalities had two advocacy goals: 1) seek legislation to modernize the local tax system by giving municipalities the authority to levy a sales tax that would apply within their corporate limits and would be solely a municipal revenue; and 2) require a one-year delay in implementation when a county changes its method of distributing sales tax revenue. Commissioner Edge stated these two goals did not garner any sponsors and did not go anywhere, but they are eligible to be brought back in the short session.

Mr. Martin stated each municipal governing body will have to take separate action on any agreement and suggested that the agreement clearly state it is subject to agreement by every municipality.

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Mr. Moorefield clarified the agreement in past years was not a ten-year agreement but was a three-year agreement with successive three-year renewals unless there was objection to a renewal. Mr. Moorefield advised this could be another method moving forward and would carry the county past the next revaluation. Mr. Moorefield stated the current agreement is for three years with no renewal option.

MOTION: Commissioner Council moved to recommend to the full board at its October 21st meeting that the sales tax distribution interlocal agreement be extended an additional seven years with a provision that any statutory change would void the contract.

SECOND: Commissioner Edge

DISCUSSION: Mr. Moorefield advised if statutory changes are made and they do not limit the authority of county commissioners to determine how sales tax distributions are made, another agreement can be prepared.

VOTE: PASSED (2-1) (Commissioner Faircloth voted in opposition.)

4. CONSIDERATION OF POLICY FOR ENGAGING OUTSIDE COUNSEL

BACKGROUND:

At its August 19, 2013 meeting, the Board directed staff to prepare a policy to address the conditions under which outside counsel shall be engaged. Although the Board directed that this policy be sent to the Policy Committee, the county attorney advises that it is really a fiscal policy more appropriate for consideration by the Finance Committee.

The proposed policy follows:

1.0 PURPOSE

The purpose of this policy is to establish the conditions under which outside counsel may be engaged for the provision of legal services to the county. Outside counsel shall mean any attorney who is not an employee of the county.

2.0 SCOPE

This policy shall apply to the engagement of any lawyer or law firm to provide legal services for which county funds shall be used to pay for the services provided.

3.0 STATEMENT OF THE POLICY

No county funds shall be expended to pay for legal services provided by outside counsel unless the lawyer or law firm providing the services has been engaged to provide the services by a written agreement describing the services to be provided and the fee arrangement and which has been approved by the Board of Commissioners before the provision of services commences. When appropriate, Board approval may be obtained in closed session.

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4.0 IMPLEMENTATION

Implementation of this policy shall be the responsibility of the Finance Officer.

RECOMMENDATION/PROPOSED ACTION:

Consider whether to recommend the proposed policy to the Board of Commissioners.

Mr. Moorefield reviewed the background information and proposed policy as recorded above. In response to a question posed by Commissioner Keefe, Mr. Moorefield explained the board of commissioners could approve the name of the lawyer or law firm providing legal services by either approving or not approving the written agreement or contract.

MOTION: Commissioner Council moved to recommend the proposed policy to the full board.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (3-0)

5. REVIEW OF MONTHLY FINANCIAL REPORT

BACKGROUND:

At your September 5, 2013 meeting, the Committee was briefed on the interim 13th period financial status of the General Fund and Crown Center. Since the results of operations for the first quarter of FY2014 will not be available till later this month, the attached three spreadsheets represent the final 13th period results of operations for the General Fund and Crown Center.

Expenditures and Obligations: Expenditures and obligations increased \$1,006,106 from last month due in part to a \$775,171 sales tax hold harmless payment to the Board of Education. Once a year, the BOE receives their share of the hold harmless reimbursement from the City of Fayetteville and municipalities based on the two half-cent taxes.

Revenue: Revenue for the General Fund increased \$5,893,049 over the earlier September report. The County received its final sales tax distribution of \$3,376,286. Total sales tax distributions for the year were a disappointing \$637,840 (1.73%) increase over FY2012. The County also received its 4th quarter sales tax hold harmless payments in the amount of \$1,599,009.

Crown Center: Operating revenue increased \$75,449 from the September report while operating expenses were just \$1,482 more. Overall, the net operating loss for the year was \$2,975,951 compared to \$3,036,582 for FY2012; a \$60,631 difference.

RECOMMENDATION/PROPOSED ACTION:

For information only, no action required.

There were no questions or discussion regarding the monthly financial report.

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6. OTHER MATTERS OF BUSINESS

A. UPDATE ON COOPERATIVE PURCHASING

Melissa Cardinali, Finance Director, stated meetings were organized with representatives of the Cumberland County School System, City of Fayetteville and the PWC about cooperative purchasing aimed at bringing local governments and local businesses together. Ms. Cardinali stated a business fair is going to be put together that will provide an exchange of information, increase the awareness of governmental staff, and educate and help businesses understand what is required to have a purchasing relationship with local government. Ms. Cardinali stated the business fair will be held at least once a year in order to assess and address local business needs. Ms. Cardinali stated the project is just getting off the ground and the committee will meet again in November. Ms. Cardinali credited Thelma Matthews, Purchasing Manager, with the cooperative purchasing idea.

Commissioner Keefe asked whether the focus for goods and services was going to be \$30,000 or below. Ms. Cardinali stated the cooperative purchasing relationships will likely focus on smaller dollars. Commissioner Keefe stated there may need to be a philosophical change in how the county requests quotes for goods and services in order to help local businesses stay within the focus amount. Commissioner Keefe asked that local business be targeted as much as possible, even if it means this type of philosophical change. Ms. Cardinali stated she would take this to the committee meeting in November as an item for discussion. Commissioner Edge noted circumstances may arise that would prohibit a local vendor from being first on the list and asked that thought also be given to exceptions that could occur in the community.

B. CLOSED SESSION FOR ATTORNEY/CLIENT MATTERS PURSUANT TO NCGS 143-318.11(a)(3)

Mr. Martin asked the Finance Committee whether it would consider a contractual matter involving the county, Alliance Behavioral Healthcare and Alliance Behavioral Healthcare at Cape Fear Valley Hospital as it relates to the current contractual arrangement for security at the Roxie Avenue facility. Mr. Moorefield advised the matter should be discussed in a closed session.

MOTION: Commissioner Council moved to go into closed session for attorney/client matter(s) pursuant to NCGS 143-318.11(a)(3).

SECOND: Commissioner Edge

VOTE: UNANIMOUS (3-0)

MOTION: Commissioner Edge moved to go into open session.

SECOND: Commissioner Council

VOTE: UNANIMOUS (3-0)

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C. FEDERAL BUDGET IMPACT

Mr. Martin stated county management has been in conversation with Rebecca Troutman, NCACC Intergovernmental Relations Director, regarding information the NCACC may have received about the impact of the federal shutdown on counties. Mr. Martin also stated the Department of Social Services (DSS) participated in a fiscal conference call this morning and an email had just been received from Social Services Director Brenda Jackson.

Amy Cannon, Deputy County Manager, stated Ms. Jackson's email outlined the impact of the federal shut down as follows:

- County reimbursement for federal block grants funds are primarily affected by the shut down (the state allocates federal block grant funds to counties)
- State will be temporarily suspending reimbursement for the following programs: TANF (Work 1st), Social Services Block Grant (funds a portion of 75% to 80% of all positions at DSS), Child Care, Energy Assistance, WIC, Energy Assistance, Social Services Block Grant, Home & Community Block Grant
- Programs not impacted – Medicaid, SNAP (food stamps), IV-E Adoption and Foster Care, Child Support, NC FAST, Affordable Care Act
- State recommends local counties look at the following as strategies to address these suspended reimbursements – review of availability of funds through county fund balance, freeze hiring and vacant positions, reducing operating expenditures such as travel, freeze purchasing and furloughing staff
- Moving forward the state is concerned about the following:
 - Feds inability to approve a budget or continuing resolution quickly
 - Sequestration as it went into affect Oct 1st which includes a 7.2% statewide cut to Social Services Block Grant
 - Looming federal debt ceiling issue on October 17th
 - Lack of federal staff due to furloughs to provide information to state on several fiscal issues
- State believes shut down will last at least through the debt ceiling deadline on October 17th

Ms. Cannon stated it appears counties may be at risk from now until October 17th which will involve a significant amount of money. Ms. Cannon also stated Ms. Jackson will meet with her budget and finance staff immediately to come up with some strategies to present to county management. Ms. Cannon stated there are significant issues that will need to be addressed and she wanted to be sure the committee was made aware.

Commissioner Council inquired regarding the impact to the Public Health Department. Ms. Cannon stated Health Department Director Buck Wilson was still awaiting information from the state as they continued their contact with federal agencies. Discussion followed.

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Commissioner Faircloth asked whether the county would be reimbursed after the fact. Ms. Cannon stated Ms. Troutman spoke with DHHS Deputy Secretary for Human Services Sherry Bradsher who was not optimistic based on her contacts at the federal level that they would be in a position to provide reimbursements. Commissioner Faircloth inquired regarding options available to the county. Ms. Cannon stated one strategy would be to look at expenditures from the county's operating budget and the fund balance.

Discussion followed about whether Social Service employees should be put on notice. Commissioner Faircloth asked that the full board receive recommendations from staff at its Monday, October 7, 2013 meeting. Commissioner Faircloth stated he was not excited about the county picking up federal funding since there is a chance the county may not be reimbursed.

There being no further business, the meeting adjourned at 11:15 a.m.

JIMMY KEEFE
Chairman

CANDICE WHITE
Clerk to the Board

JEANNETTE M. COUNCIL
Vice Chairman

KELLIE BEAM
Deputy Clerk



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BOARD OF COMMISSIONERS

**MEMO FOR AGENDA OF THE
NOVEMBER 7, 2013 MEETING OF THE FINANCE COMMITTEE**

TO: Finance Committee (Commissioners Faircloth, Council and Edge)
FROM: Candice H. White, Clerk to the Board *cu*
DATE: November 1, 2013
SUBJECT: Affordable Care Act and Impact on the County

Requested by: Commissioner Marshall Faircloth
Presenter(s): Mark Browder, Mark III Brokerage Services
Estimate of Committee Time Needed: 15 Minutes

BACKGROUND:

At the October 7, 2013 special meeting of the Board, Commissioner Faircloth inquired regarding Health Care Reform and the impact of the Affordable Care Act on the County. Mark Browder, Mark III Brokerage Services, will provide a presentation at the November 7, 2013 meeting of the Finance Committee on this matter.

RECOMMENDATION/PROPOSED ACTION:

Receive presentation.

Attachment(s)



MEDICAL PLAN UPDATE

Health Care Reform



November 7, 2013



Health Care Reform:

The following requirements are in place for 2014:

- Eligibility waiting period maximum of 90 days
- Pre-ex not permitted on anyone
- Annual dollar limits prohibited on essential health benefits
- Protections for those in clinical trials
- Out of pocket may not exceed \$6,350/\$12,700
- Revised wellness program rules
- Transitional reinsurance fee, including reporting



Below are immediate Health Care Reform considerations over the next several months:

- Individual Mandate
- PCORI
- Reinsurance Fee
- Auto-Enroll
- Employer Penalties
- 2014 – 2015 Plan Design Requirements
- Reporting



Individual Mandate

- Individual (Employee) Penalties
 - 2014 - \$95 per adult and \$47.50 per child (up to \$285 for family OR 1% of family income, whichever is greater.
 - 2015 - \$325 per adult and \$162.50 per child (up to \$975 for family OR 2% of family income, whichever is greater.
 - 2016 and beyond - \$695 per adult and \$347.50 per child (up to \$2,085 for a family OR 2.5% of family income, whichever is greater.

Fee for Patient-Centered Outcomes Research Trust Fund (PCORI)



Plan Year	Fee per Average Covered Life	When Fee Must Be Paid
November 1, 2011 through October 31, 2012	\$1	7/31/2013
December 1, 2011 through November 30, 2012	\$1	7/31/2013
January 1, 2012 through December 31, 2012	\$1	7/31/2013
February 1, 2012 through January 31, 2013	\$1	7/31/2014
March 1, 2012 through February 28, 2013	\$1	7/31/2014
April 1, 2012 through March 31, 2013	\$1	7/31/2014
May 1, 2012 through April 30, 2013	\$1	7/31/2014
June 1, 2012 through May 31, 2013	\$1	7/31/2014
July 1, 2012 through June 30, 2013	\$1	7/31/2014
August 1, 2012 through July 31, 2013	\$1	7/31/2014
September 1, 2012 through August 31, 2013	\$1	7/31/2014
October 1, 2012 through September 30, 2013	\$1	7/31/2014
November 1, 2012 through October 31, 2013	\$2	7/31/2014
December 1, 2012 through November 30, 2013	\$2	7/31/2014
January 1, 2013 through December 31, 2013	\$2	7/31/2014
February 1, 2013 through January 31, 2014	\$2	7/31/2015
March 1, 2013, through February 28, 2014	\$2	7/31/2015
April 1, 2013 through March 31, 2014	\$2	7/31/2015
May 1, 2013 through April 30, 2014	\$2	7/31/2015
June 1, 2013 through May 31, 2014	\$2	7/31/2015
July 1, 2013 through June 30, 2014	\$2	7/31/2015
August 1, 2013 through July 31, 2014	\$2	7/31/2015
September 1, 2013 through August 31, 2014	\$2	7/31/2015
October 1, 2013 through September 30, 2014	\$2	7/31/2015
November 1, 2013 through October 31, 2014	TBD	7/31/2015
December 1, 2013 through November 30, 2014	TBD	7/31/2015
January 1, 2014 through December 31, 2014	TBD	7/31/2015



Reinsurance Assessment

- The fee is a flat dollar amount per covered person and will be paid annually from 2014 through 2016.
- By November 15, 2014, insurers, employers and TPAs must report their number of covered lives for the first nine months of the year to HHS. HHS will communicate the amount due by December 15.
- The annual fee amount for 2014 is \$63 per covered individual.



2015 – Auto Enrollment:

- Large groups required to auto-enroll employees into health benefits (200+ employees).
- Most employers required employees to make a positive selection. That is no longer a viable strategy.
- The safest solution is to provide employees with a default plan, unless they make a positive selection.



Employer Penalties:

Employer is required to cover all employees working 30 hours or more or face penalties with coverage that meets minimum value and is affordable:

- **Employer must cover 95% of all full-time employees or face penalty (Section 4980H(a)).**
- **The employer is penalized \$2,000 times the** number of full-time employees employed during the year, if the 95% rule is not met.



Employer Penalties:

If the 95% rule is met and:

- **One or more full-time employees enrolls in the Marketplace (Exchange) and receives a premium tax credit or cost-sharing reduction.**
- **The employer is penalized \$3,000 times** the number of full-time employees who enroll.



Plan Design Requirements for 2014 – 2015

- The limit on out-of-pocket costs for 2014, including deductibles and co-payments, was not supposed to exceed \$6,350 for an individual and \$12,700 for a family.
- Copays which don't currently count towards the Out of Pocket Maximum, but will for 2015.
- For Fiscal Year (plans renewing in 2014), the Out of Pocket limit must be in place for the 2014 – 2015 plan year.
- **This Out of Pocket limitation is expected to add up to 3% to some plans costs.**



Information Reporting Proposed Rules Issued

On September 5, 2013, the Departments of Treasury and the Internal Revenue Service (IRS) issued proposed regulations on the information reporting requirements related to the individual mandate and the employer mandate provisions of the Patient Protection and Affordable Care Act (PPACA).

Proposed rules have been issued by the Internal Revenue Service (IRS) for two types of reporting under the Affordable Care Act (ACA, or health care reform law).

- 1. Employer mandate reporting (**section 6056**), and
- 2. Minimum essential coverage (MEC) reporting for insurers and employers (**section 6055**)



Employer Mandate Reporting (**section 6056**)

- This regulation provides guidance to employers with **50 or more full-time or full-time equivalent employees who are subject to the employer mandate.**
- This reporting will be **used to determine whether large employers are complying with the employer shared responsibility requirement**
- And will also help identify individuals who are not eligible for premium tax credits because they have been offered coverage by their employer.
- **The first reports are due in early 2016 for the 2015 calendar year.**



Minimum Essential Coverage (MEC) reporting for insurers and employers (**section 6055**)

- This regulation provides guidance on how insurers and **employers must report to the IRS and to covered individuals whether their health plan provides minimum essential coverage**, as required by the individual mandate.
- This **reporting requirement will assist the IRS in determining whether individuals are complying with the individual mandate**, and also whether they are eligible for a premium tax credit to use toward purchasing coverage on the Marketplace/Exchange because they lack minimum essential coverage.
- **Voluntary reporting is encouraged for the 2014 calendar year**, which would be done in early 2015. However, no penalties will be assessed until 2016 when the reporting for 2015 is due.



Health Care Reform Cost	
2014 - 2015 Cost	
PPACA - Fee for Comparative Effectiveness Research Agency - July 31, 2014	\$3,598.00
Copays Accumulate to Out of Pocket Maximum - 2014 - 2015	\$493,529.08
PPACA - Transitional Reinsurance Fee - 2014 - 2016 - First Payment Due December, 2014	\$226,611.00
Health Care Reform Costs Currently in Place	
Dependent coverage for adult children up to age 26 - 2%	\$375,082.10
Elimination of lifetime limits on essential benefits - 1.5%	\$281,311.57
Women's Health Benefits - 1%	\$187,541.05
Elimination of all pre-existing condition limitations in 2014 - .2%	\$37,508.21
100% coverage for preventive services in network - 3%	\$562,623.15
Phase-out of annual limits on essential benefits by 2014 - 1.5%	\$281,311.57
Total ACA Cost for 2014 - 2015	\$2,449,115.73

Fees Avoided in 2014 - 2015	
PPACA - Health Insurance Industry Fee - Not Paid	\$549,686.67
State of North Carolina Premium Tax	\$439,749.34
Total	\$989,436.01




JEFFERY P. BROWN, PE
Engineering & Infrastructure Director

AMY M. HALL
Administrative Program Officer I



**ENGINEERING & INFRASTRUCTURE DEPARTMENT
PUBLIC UTILITIES DIVISION**

**MEMO FOR THE AGENDA OF THE
NOVEMBER 7, 2013 MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE
FROM: JEFFERY BROWN, E & I DIRECTOR 
THROUGH: JAMES E. MARTIN, COUNTY MANAGER
DATE: OCTOBER 22, 2013
SUBJECT: CREATION OF BRAGG ESTATES WATER & SEWER DISTRICT
Requested By: AMY HALL, ADMINISTRATIVE PROGRAM OFFICER
Presenter(s): JEFFERY BROWN, E & I DIRECTOR

Estimate of Committee Time Needed: 10 MINUTES

BACKGROUND:

The Public Utilities Division is requesting that the Board of Commissioners establish a Water and Sewer District for the Bragg Estates Subdivision and adjoining properties for the purpose of applying for grants and low interest rate loans. The first step in this process is to hold a public hearing pursuant to North Carolina General Statute 162A-86, to take comments from the public.

The Bragg Estates community has been experiencing septic tank failures over the last several years. These failures pose a health and safety concern for the community.

RECOMMENDATION/PROPOSED ACTION:

The Engineering and Infrastructure Director and County Management recommend that the Finance Committee approve the request to place a memo on the agenda of the November 18, 2013 Board of Commissioners meeting to set the Public Hearing for December 16, 2013 at 6:45 PM.

JAMES E. MARTIN
County Manager

AMY H. CANNON
Deputy County Manager

JAMES E. LAWSON
Assistant County Manager



CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

OFFICE OF THE COUNTY MANAGER

MEMORANDUM FOR THE AGENDA OF THE
NOVEMBER 7, 2013 MEETING OF THE FINANCE COMMITTEE

TO: FINANCE COMMITTEE MEMBERS

FROM: AMY H. CANNON, DEPUTY COUNTY MANAGER *AHC*

THRU: JAMES E. MARTIN, COUNTY MANAGER *James E. Martin*

DATE: NOVEMBER 1, 2013

SUBJECT: UPDATE ON SENATE BILL 73: REQUIREMENT FOR LOCAL WORKFORCE DEVELOPMENT BOARDS (WFD) TO USE COMPETITIVE SELECTION PROCESS

Requested By: N/A

Presenter: Amy H. Cannon

Estimate of Committee Time Needed: 5 Minutes

BACKGROUND

At the September 5th Finance Committee meeting, the County Manager provided a brief overview of Senate Bill 73 and the possible implications. Senate Bill 73 mandates that Local Workforce Development Boards will use a competitive selection process in selecting services providers to deliver Workforce Investment (WIA) and Adult/Dislocated Worker services as well as WIA funded youth services. Management has had several meetings with Dr. Keen and staff as well as the Chairman of the WFD Board to develop a plan to comply with Senate Bill 73. FTCC has previously functioned in a dual role as the fiscal and administrative agent and the service provider for WIA/Dislocated and youth services. The requirements of Senate Bill 73 preclude one entity serving in this dual role.

The Workforce Development Board met on October 29, 2013 and approved a memorandum of agreement between FTCC and the WFD Board to retain the community college as the administrative and fiscal agent for the WFD Center. In that capacity, the community college will seek competitive bids for WIA/Dislocated and Youth services, provide contract administration, board support and fiscal management services. Since the community college will no longer be the service provider, the staff associated with these programs will no longer be employees of the community college. Some staff will remain with FTCC to provide fiscal and administrative services to the WFD Board. The remaining nine to thirteen staff members will have the opportunity to be interviewed by the contract provider.

Management believes that maintaining the community college in the role of fiscal and administrative agent is prudent. Since the July 2011 transfer of the WFD Center, FTCC has reengineered the program which has led to a threefold increase in the number of clients served and a reduction in the cost per participant from \$2,000 to \$500. FTCC, as fiscal and administrative agent, will be in the best position to monitor the contractor to ensure the continued success of the WFD program.

RECOMMENDATION/PROPOSED ACTION

No action necessary, provided for information purposes only.

/ct

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JAMES E. MARTIN
County Manager

AMY H. CANNON
Deputy County Manager



JAMES E. LAWSON
Assistant County Manager



OFFICE OF THE COUNTY MANAGER

**MEMORANDUM FOR THE AGENDA OF THE
NOVEMBER 7, 2013 MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE MEMBERS

FROM: AMY H. CANNON, DEPUTY COUNTY MANAGER *AHC*

THRU: JAMES E. MARTIN, COUNTY MANAGER *James E. Martin*

DATE: NOVEMBER 1, 2013

SUBJECT: REPORT ON OUTSOURCING THE COUNTY'S
EMPLOYEE ASSISTANCE PROGRAM

Requested By: N/A

Presenter: Amy H. Cannon

Estimate of Committee Time Needed: 5 Minutes

BACKGROUND

The county has had an Employee Assistance Program (EAP) for last 18 years. The program was established due to requirements under the Department of Transportation (DOT) Drug Testing program. To comply with this DOT requirement, the county utilized the EAP services that our Mental Health department was providing to other organizations or businesses in the county. Due to the implementation of Mental Health reform, the substance abuse component was one of the first programs outsourced about 12 years ago. At that time, we retained one of the certified EAP professionals from Mental Health and established an in-house EAP under Risk Management. Since that time we have had one employee, who is a certified professional providing these services to county employees.

Utilization has increased over time because our EAP professional has developed an effective, responsive and trusted program for our employees. Below are some of the services provided under this function:

- Confidential assessment services for employees referred by Supervisors due to unacceptable performance; productivity, behavioral issues, attendance difficulties, etc.
- Assessment and case management of employee self referrals that may be experiencing personal, medical, behavioral or work related concerns
- Short term counseling when appropriate or referrals to mental health or substance abuse services or other community resources as appropriate
- Ongoing case management of any employee that has been referred to other professionals
- Consultation and coaching to Department Heads and Supervisors focusing on early intervention or detection of a potential risk
- Coordination for fitness for duty examinations as needed
- Provides grief counseling

Our employee that provides these services is retiring December 31st, and management has taken the opportunity to review the program and the options for providing this service. Utilization has increased and the issues have become more serious and complex which at a minimum requires outside referrals and longer term case management. The volume of clients has exceeded the ability for one person to properly and thoroughly manage the program. Risk Management conducted an informal request for proposal process and received responses from five EAP providers. Based upon the case volume and complexity and the need for 24/7 services, we believe this is an opportunity to outsource our EAP program to provide comprehensive and timely services to our employees.

The firm that we believe will best meet our needs is Frank Horton Associates, LLC. The owner of this firm is a certified EAP provider and was formerly an in-house provider of EAP services for Wake County before establishing his own firm. He understands the challenges of transitioning from an in-house EAP to an out sourced model. Further, he is aware of the reputation of our program and is committed to providing a comprehensive, trusted, and client friendly program to our employees. The cost of this service through Frank Horton Associates, LLC is \$39,600, which is a savings to the county of \$49,000 per year. All five firms submitted very similar cost estimates. We have prior experience with Mr. Horton and his firm since they have been our after-hours resource and back up for some time.

RECOMMENDATION/PROPOSED ACTION

Authorize Management to obtain a contract with Frank Horton Associate, LLC to provide a comprehensive EAP program at a cost of \$39,600.

/ct

CM110113-2

CUMBERLAND COUNTY REVENUE SUMMARY

ITEM NO. 7

GENERAL FUND	FY2014							FY2013							
	Actual					% Recognized	Actual					% Recognized			
	Jul-Sep	Oct	Nov	Dec	Total		Budget	Jul-Sep	June	Nov	Dec		Total	Budget	
Category 10: Ad Valorem Tax															
Real, Personal, Public - Current	14,559,382				14,559,382	147,855,162	9.85%	13,596,245				13,596,245	144,802,240	9.39%	
Motor Vehicles - Current	2,564,569				2,564,569	12,694,193	20.20%	2,334,046				2,334,046	11,572,666	20.17%	
Motor Vehicle - Tax & Tag	152,304				152,304	3,000,000	5.08%	0				0	0	0.00%	
Prior Years & Other	2,166,074				2,166,074	5,384,025	40.23%	1,943,226				1,943,226	5,121,372	37.94%	
Total	19,442,329	0	0	0	19,442,329	168,933,380	11.51%	17,873,517	0	0	0	17,873,517	161,496,278	11.07%	
Category 20: Other Taxes															
Sales Tax (1¢ + Art 40 + 42+ 44+ 46)	0				0	39,384,123	0.00%	0				0	36,554,775	0.00%	
Pet Registration Fees	79,452				79,452	493,042	16.11%	0				0	350,202	0.00%	
Sales Tax Video & Telecommunications	146,388				146,388	597,324	24.51%	156,992				156,992	617,700	25.42%	
Other Taxes	207,658				207,658	1,047,519	19.82%	325,810				325,810	1,291,550	25.23%	
Total	433,498	0	0	0	433,498	41,522,008	1.04%	482,802	0	0	0	482,802	38,814,227	1.24%	
Category 30: Unrestricted Intergovernmental															
ABC Store 3.5%	0				0	795,056	0.00%	0				0	795,056	0.00%	
ABC Store Profit	379,528				379,528	1,113,192	34.09%	0				0	1,113,192	0.00%	
Fay Sales Tax Equalization-Original	0				0	2,079,581	0.00%	0				0	1,903,317	0.00%	
Fay Sales Tax Equalization	0				0	4,253,266	0.00%	0				0	4,020,973	0.00%	
Wade Sales Tax Equalization	0				0	1,001	0.00%	0				0	916	0.00%	
Eastover Sales Tax Equalization	0				0	0	0.00%	0				0	157,269	0.00%	
Stedman Sales Tax Equalization	0				0	137	0.00%	0				0	125	0.00%	
Spring Lake Sales Tax Equalization	0				0	321,401	0.00%	0				0	288,037	0.00%	
Godwin Sales Tax Equalization	0				0	2,173	0.00%	0				0	1,989	0.00%	
Other	242,487				242,487	1,870,866	12.96%	166,990				166,990	1,726,472	9.67%	
Total	622,015	0	0	0	622,015	10,436,673	5.96%	166,990	0	0	0	166,990	10,007,346	1.67%	
Category 40: Restricted Intergovernmental															
Health	727,904				727,904	5,721,284	12.72%	782,854	0	0		782,854	5,694,791	13.75%	
Mental Health Consolidation	54,057				54,057	453,258	11.93%	979,852				979,852	5,802,876	16.89%	
Social Services	5,204,862				5,204,862	44,362,237	11.73%	6,070,513				6,070,513	42,454,047	14.30%	
Library	257,649				257,649	763,082	33.76%	151,668				151,668	604,998	25.07%	
Child Support Enforcement	255,888				255,888	3,284,087	7.79%	711,255				711,255	3,141,266	22.64%	
Other	174,306				174,306	3,596,991	4.85%	258,495				258,495	3,141,404	8.23%	
Total	6,674,666	0	0	0	6,674,666	58,180,939	11.47%	8,954,637	0	0	0	8,954,637	60,839,382	14.72%	
Category 50: Licenses & Permits															
Register of Deeds	455,873				455,873	1,529,150	29.81%	450,223				450,223	1,641,727	27.42%	
Inspections	163,204				163,204	555,000	29.41%	154,639				154,639	449,000	34.44%	
Other	0				0	0	0.00%	870				870	160,036	0.54%	
Total	619,077	0	0	0	619,077	2,084,150	29.70%	605,732	0	0	0	605,732	2,250,763	26.91%	
Category 60: Sales & Service															
Animal Control	62,482				62,482	213,014	29.33%	59,192				59,192	180,253	32.84%	
Mental Health								1,002,848				1,002,848	2,054,690	48.81%	
Health Department	1,453,795				1,453,795	4,288,788	33.90%	1,816,933				1,816,933	3,779,713	48.07%	
Mental Health Clinic								75,725				75,725	3,425,609	2.21%	
Library Fees	58,622				58,622	348,000	16.85%	80,272				80,272	345,150	23.26%	
Sheriff Fees	302,194				302,194	2,975,955	10.15%	604,968				604,968	2,392,917	25.28%	
Social Services Fees	14,240				14,240	114,460	12.44%	6,786				6,786	120,376	5.64%	
Other	78,792				78,792	964,612	8.17%	69,858				69,858	1,437,153	4.86%	
Total	1,970,125	0	0	0	1,970,125	8,904,829	22.12%	3,716,582	0	0	0	3,716,582	13,735,861	27.06%	
Category 70: Miscellaneous															
Interest Income	15,368				15,368	110,000	13.97%	21,602				21,602	125,000	17.28%	
CFVMC	3,333,396				3,333,396	3,615,271	92.20%	3,303,663				3,303,663	3,248,440	101.70%	
Other	265,950				265,950	439,629	60.49%	191,616				191,616	734,829	26.08%	
Total	3,614,714	0	0	0	3,614,714	4,164,900	86.79%	3,516,881	0	0	0	3,516,881	4,108,269	85.60%	
Subtotal Category 10-70	33,376,423	0	0	0	33,376,423	294,226,879	11.34%	35,317,141	0	0	0	35,317,141	291,252,126	12.13%	
Category 90: Other Financing Sources															
Sale of Land & Buildings	13,042				13,042	0	0.00%	24,508				24,508	0	0.00%	
Gain/Loss	0				0	0	0.00%	0				0	0	0.00%	
Sale of Fixed Assets/Cash Proceeds	0				0	0	0.00%	24,231				24,231	6,827	354.93%	
Transfers	0				0	7,570,414	0.00%	0				0	8,470,142	0.00%	
Installment /Purchase Revenue	0				0	0	0.00%	0				0	0	0.00%	
Fund Balance - Former Health	0				0	0	0.00%	0				0	0	0.00%	
Fund Balance - Communications	0				0	0	0.00%	0				0	1,203,825	0.00%	
Fund Balance Maintenance/Renovations	0				0	301,311	0.00%	0				0	0	0.00%	
Fund Balance - Health	0				0	434,074	0.00%	0				0	523,477	0.00%	
Fund Balance - Special	0				0	2,422,378	0.00%	0				0	1,010,588	0.00%	
Fund Balance - Mental Health Transfer	0				0	2,857,246	0.00%	0				0	635,798	0.00%	
Fund Balance -Economic Incentives	0				0	672,774	0.00%	0				0	666,815	0.00%	
Fund Balance - Water & Sewer	0				0	500,000	0.00%	0				0	500,000	0.00%	
Fund Balance Appropriated	0				0	8,756,572	0.00%	0				0	10,435,721	0.00%	
Total	13,042	0	0	0	13,042	23,514,769		48,739	0	0	0	48,739	23,453,193		
Total General Fund	33,389,465	0	0	0	33,389,465	317,741,648		35,365,880	0	0	0	35,365,880	314,705,319		

GENERAL FUND SUMMARY OF OBLIGATIONS

GENERAL FUND	FY2014							FY2013						
	Actual				Total	Budget	% Obligated	Actual				Total	Budget	% Obligated
	Jul-Sep	Oct	Nov	Dec				Jul-Sep	Oct	Nov	Dec			
General Administration	4,796,941				4,796,941	17,572,394	27.30%	4,523,435				4,523,435	15,737,025	28.74%
Buildings & Grounds	3,141,966				3,141,966	6,671,668	47.09%	2,907,507				2,907,507	5,849,400	49.71%
General Government														
Debt Service	1,021,600				1,021,600	25,131,281	4.07%	1,078,550				1,078,550	25,728,930	4.19%
General Government Other	1,967,782				1,967,782	6,302,688	31.22%	3,572,833				3,572,833	14,011,621	25.50%
Total General Government	2,989,382	0	0	0	2,989,382	31,433,969	9.51%	4,651,383	0	0	0	4,651,383	39,740,551	11.70%
Law Enforcement														
Sheriff	8,320,124				8,320,124	28,820,445	28.87%	6,667,628				6,667,628	26,602,044	25.06%
Jail	3,544,716				3,544,716	16,343,967	21.69%	3,410,635				3,410,635	13,188,584	25.86%
Total Law Enforcement	11,864,840	0	0	0	11,864,840	45,164,412	26.27%	10,078,263	0	0	0	10,078,263	39,790,628	25.33%
Public Safety	1,925,182				1,925,182	7,387,029	26.06%	1,606,456				1,606,456	7,193,739	22.33%
Health														
Mental Health Clinic								914,445				914,445	3,425,609	26.69%
Health All Other	6,540,941				6,540,941	21,125,643	30.96%	6,418,149				6,418,149	19,481,947	32.94%
Total Health Department	6,540,941	0	0	0	6,540,941	21,125,643	30.96%	7,332,594	0	0	0	7,332,594	22,907,556	32.01%
Mental Health														
Mental Health Dept (LME)								4,214,020				4,214,020	9,550,908	44.12%
MCO								0				0	0	0
Mental Health Other (County)	6,611,037				6,611,037	9,366,996	70.58%	0				0	0	0
Social Services														
Social Services	8,820,763				8,820,763	38,422,204	22.96%	8,766,344				8,766,344	35,875,851	24.44%
Other DSS Programs	4,874,893				4,874,893	27,578,147	17.68%	4,415,148				4,415,148	27,581,288	16.01%
Total Social Services	13,695,656	0	0	0	13,695,656	66,000,351	20.75%	13,181,492	0	0	0	13,181,492	63,457,139	20.77%
Human Services														
Child Support Enforcement	1,397,445				1,397,445	4,603,440	30.36%	784,934				784,934	4,188,974	18.74%
Other HS Programs	121,248				121,248	406,140	29.85%	80,469				80,469	355,392	22.64%
Total Human Services	1,518,693	0	0	0	1,518,693	5,009,580	30.32%	865,403	0	0	0	865,403	4,544,366	19.04%
Library														
Library	3,318,095				3,318,095	10,792,311	30.74%	3,151,405				3,151,405	10,342,185	30.47%
Library Other	336,263				336,263	701,101	47.96%	108,733				108,733	423,475	25.68%
Total Library	3,654,358	0	0	0	3,654,358	11,493,412	31.80%	3,260,138	0	0	0	3,260,138	10,765,660	30.28%
Culture & Recreation	366,702				366,702	453,335	80.89%	294,142				294,142	434,786	67.65%
Economic Development	1,091,100				1,091,100	8,188,312	13.33%	1,759,957				1,759,957	7,259,304	24.24%
Subtotal	51,585,761	0	0	0	51,585,761	229,867,101	22.44%	54,674,790	0	0	0	54,674,790	227,231,062	24.06%
Education														
County School Current Exp	19,055,169				19,055,169	76,220,676	25.00%	19,055,169				19,055,169	76,220,676	25.00%
Goodyear Incentive	0				0	244,232	0.00%	0				0	278,012	0.00%
Sales Tax Equalization	0				0	746,777	0.00%	0				0	775,000	0.00%
FTCC Current Expense	2,388,099				2,388,099	9,552,404	25.00%	2,290,824				2,290,824	9,163,305	25.00%
FTCC PEG	0				0	46,000	0.00%	0				0	0	0.00%
FTCC Capital Outlay	195,552				195,552	1,064,458	18.37%	153,242				153,242	1,037,264	14.77%
Total Education	21,638,820	0	0	0	21,638,820	87,874,547	24.62%	21,499,235	0	0	0	21,499,235	87,474,257	24.58%
Total General Fund	73,224,581	0	0	0	73,224,581	317,741,648	23.05%	76,174,025	0	0	0	76,174,025	314,705,319	24.20%