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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 Adams, Faircloth and Keefe)

FROM: Candice H. White, Clerk to the Board

DATE: April 27, 2018

SUBJECT: Finance Committee Regular Meeting – Thursday, May 3, 2018

There will be a regular meeting of the Board of Commissioners' committees (Finance, Policy and Facilities Committee) on Thursday, May 3, 2018 beginning at 8:30 a.m. in room 564 of the Judge E. Maurice Braswell Cumberland County Courthouse. All committee meetings will start as soon as the previous committee adjourns.

AGENDA

1. Approval of Minutes – March 1, 2018 Regular Meeting (**Pg. 2**)
2. Consideration of Annual School Funding Agreement for the Cumberland County School System (**Pg. 22**)
3. Consideration of Selection of Counsel to Pursue Opioid Litigation (**Pg. 30**)
4. Consideration of the Cherry Bekaert Audit Contract to Audit Accounts for FY18 (**Pg. 54**)
5. Consideration of Public Utilities' Water and Sewer Rate Structures
 - A. Consideration of Amendment to the NORCRESS Water and Sewer District Rate Structure (**Pg. 66**)
 - B. Consideration of the Overhills Park Water and Sewer District Rate Structure (**Pg. 73**)
6. Consideration of Contract for Services in Support of the Homeless Initiative Program and Associated Budget Revision (**Pg. 76**)
7. Monthly Updates (**Pg. 99**)
 - A. Health Insurance (**Pg. 100**)
 - B. CDBG-DR (**Pg. 104**)
 - C. Financial Report (**Pg. 106**)
8. Other Items of Business (**NO MATERIALS**)

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CUMBERLAND COUNTY FINANCE COMMITTEE
COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
MARCH 1, 2018 – 8:30 AM
REGULAR MEETING MINUTES

- MEMBERS PRESENT: Commissioner Jimmy Keefe, Chairman
Commissioner Glenn Adams
Commissioner Marshall Faircloth
- OTHERS: Commissioner Jeannette Council
Commissioner Charles Evans
Commissioner Larry Lancaster
Amy Cannon, County Manager
Melissa Cardinali, Assistant County Manager
Tracy Jackson, Assistant County Manager
Sally Shutt, Assistant County Manager
Duane Holder, Assistant County Manager
Rick Moorefield, County Attorney
Vicki Evans, Finance Director
Jeffery Brown, Engineering and Infrastructure Director
Julean Self, Human Resources Director
Julie Crawford, Benefits Coordinator
Deborah Shaw, Budget Analyst
Heather Harris, Budget Analyst
Tammy Gillis, Director of Internal Audit and Wellness Services
Renee Gleaton, Internal Audit
Candice H. White, Clerk to the Board

Commissioner Keefe called the meeting to order.

1. CONSIDERATION OF APPROVAL OF MINUTES
 - A. FEBRUARY 1, 2018 REGULAR MEETING
 - B. FEBRUARY 15, 2018 SPECIAL MEETING

MOTION: Commissioner Faircloth moved to approve the February 1, 2018 regular meeting minutes and the February 15, 2018 special meeting minutes.

SECOND: Commissioner Adams

VOTE: UNANIMOUS (3-0)

2. CONSIDERATION OF ANNUAL SCHOOL FUNDING FOR THE CUMBERLAND COUNTY SCHOOL SYSTEM

BACKGROUND:

At the February 15, 2018 special meeting of the Finance Committee, the Committee moved the consideration of the current school funding agreement forward to the March 1, 2018 Committee

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meeting. As you may recall, the current funding agreement with the Cumberland County School System (CCSS) expires June 30, 2018. This funding agreement allows both the County and CCSS to more accurately plan and prepare annual budgets. The current agreement provides CCSS revenue derived from \$0.3406 on the County's ad valorem property tax rate.

However, for FY18 the agreement held the school system harmless for revaluation resulting in \$0.36 on the property tax rate being distributed to CCSS or \$80,362,412 [see option #3 below]. The agreement also provides that actual taxes collected above the budget are split 75% (County) / 25% (CCSS).

Management proposed freezing the funding for CCSS at the FY17 level of \$79,463,109. This reflects the cumulative enrollment decrease of approximately 1.10% over the past 5 years. This recommendation led to discussion of additional options that the Committee may wish to explore.

Summary of potential options:

1. Freeze funding for 2 years at **\$79,463,109**. This represents a 1.1% reduction from the hold harmless level of FY18.
2. Enter into 3-year funding agreement based on funding formula of existing agreement:

Note: Amount is what CCSS *would have* received in FY18 without hold harmless clause.

Current formula =	.3406 cents of ad valorem tax rate	.3406 / .7990 =42.63%
Tax revenue FY18 budget		CCSS funding
\$178,382,404	42.63%	\$76,044,419

3. Enter into 3-year funding agreement based on funding formula of FY18 that held CCSS harmless for reduced property tax values:

FY17 Tax Rate	CCSS Share	FY18 Tax @ Revenue Neutral	CCSS Share @ 46.03%
.740	.3406 / .740 = 46.03%	\$174,587,033	\$80,362,412

RECOMMENDATION/PROPOSED ACTION:

Management recommends renewing the annual CCSS funding agreement based on one of the options from prior Committee discussions with no additional distribution of taxes collected above budget.

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Melissa Cardinali, Assistant County Manager, referenced the background information recorded above and provided the following presentation on a funding options update. Ms. Cardinali stated the belief of county and school system staff is that the funding option should be measurable, sustainable and predictable. Ms. Cardinali stated the FY17 number of \$79,463,109 for the funding option based on DPI allotted ADM was chosen because it was the last funding formula before revaluation and results in \$1,575 funding per allotted ADM. Ms. Cardinali stated the ADM number comes out in March, so it is available for budget purposes. Ms. Cardinali stated this formula would be used for FY19, FY20 and FY21.

Funding Options Update

- Continued to receive feedback
- Continued discussions with CCSS management
- Common themes –
 - School enrollment
 - Stable formula for school funding despite unstable tax values
 - Measurable
 - Sustainable
 - Predictable
- Funding option based on DPI Allotted ADM–
 - FY17 actual funding used as base
 - \$79,463,109
 - Last funding before revaluation
 - Allotted ADM for FY17 per DPI and validated by NCACC
 - 50,459
 - $\$79,463,109 / 50,459 = \$1,575$ funding per Allotted ADM
- Formula for FY19, FY20, and FY21
 - Allotted ADM per DPI multiplied times \$1,575 = Annual allocation for CCSS
- Funding option based on DPI Allotted ADM–
 - FY17 actual funding used as base
 - \$79,463,109
 - Last funding before revaluation
 - Allotted ADM for FY17 per DPI and validated by NCACC
 - 50,459
 - $\$79,463,109 / 50,459 = \$1,575$ funding per Allotted ADM
- Formula for FY19, FY20, and FY21
 - Allotted ADM per DPI multiplied times \$1,575 = Annual allocation for CCSS

Ms. Cardinali stated as a point of reference, had those numbers been used for this fiscal year the funding for schools would have been \$79,513,875 which is about \$51,000 more than the schools received in FY17, so it would not have been a reduction. Ms. Cardinali stated she would anticipate based on budget that as the ADM goes up, the funding allotment would also go up. Ms. Cannon stated this option also takes out the complexity of basing school funding on property tax values.

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Commissioner Faircloth asked whether the hold harmless could be done away with if the formula is negotiated. Ms. Cardinali responded in the affirmative. Commissioner Faircloth stated he favored leaving the percentage of taxes the same and doing away with the hold harmless for three years.

Commissioner Adams stated if you look at the DPI formula, the schools with high poverty will fail and commissioners cannot continue to let those schools fail or not meet the criteria for the state's grading. Commissioner Adams also stated he did not think the school system's banking funds in fund balance was a good use of those funds. Commissioner Faircloth stated at present school enrollment is not increasing and is likely decreasing, and the problem he sees with ADM is that there could be a decrease in funding from the County after the first year which could result in budget issues for the schools. Commissioner Lancaster stated another concern is related to students who may start the school year in a charter or private school and end up coming back into the public-school system. Ms. Cardinali stated the allotted numbers are distributed by DPI specifically for budget purposes and are typically a little higher than the actual numbers that are reported at year end. Following discussion, Commissioner Adams asked staff to report back during budget to see the effect of the formula and to determine whether adjustments need to be made.

- MOTION: Commissioner Adams moved to approve the funding option presented at today's meeting.
- SECOND: Commissioner Keefe
- VOTE: PASSED (2-1) (Commissioners Adams and Keefe voted in favor; Commissioner Faircloth voted in opposition)

3. CONSIDERATION OF HEALTH INSURANCE PLAN FOR FY18-19

BACKGROUND:

Chernoff Diamond will attend the March 1, 2018 committee meeting to discuss what has transpired since their engagement in November 2017 as well as provide recommendations for the FY19 plan.

RECOMMENDATION/PROPOSED ACTION:

Consideration of FY19 plan recommendations as presented.

Ms. Cardinali referenced the County's migration to the current arrangement with Cherry Bekaert and Chernoff Diamond, and introduced Kyle Frigon, Director of Benefits and Risk Management for Cherry Bekaert, and Kevin Quinn, Partner with Chernoff Diamond.

Mr. Frigon reviewed the progress to date and timeline for high level projects outlined in the Executive Summary below. Mr. Frigon stated claims reports are being reviewed and underwriters are working to be sure the numbers are accurate, projected and predictable. Mr. Frigon stated a market study is being conducted for ancillary coverages to be sure products and benefits paid for

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by the employees are the best and most efficient available. Mr. Frigon stated the Cape Fear Valley Medical Center option is also being explored and the hospital system believes that a July 1 effective date to move into that process is unrealistic so the option is being explored for future dates.

Executive Summary: Progress to Date

Completed Tasks -

- Initial Engagement 11/2017
- Health Savings Account – Non-Compliant Plan
- Coordinate with BCBS to convert to a non-HSA plan
- Draft letter for Employees
- Onsite meeting support for employee notification
- Update Benefit Guide to reflect corrected plan and remove voluntary benefits no longer being offered to new hires
- Initial Claim Update & Lag Reports

Open/Ongoing Tasks -

- Ongoing Claims Review
 - Monthly Lag Report
- Project Timelines – Next Slide
- Budget Discussion

Executive Summary: Timeline – High Level Projects

February 2018 through April 2018

- Medical Renewal
 - Plan Changes
 - Aggregate Stop Loss Review
 - Equivalent Rate Decisions
 - Gross Cost Estimates
 - Market Review
 - Ancillary - Voluntary Life, STD, LTD, Critical Illness, Cancer
 - Dental

May 2018 through July 2018

- Onsite Enrollment Meetings
 - Create educational collateral for additional employee communication
- Compliance Checklist Review and Changes
- Benefit Administration Evaluation

May 2018 through October 2018

- Cape Fear Valley Health Systems Evaluation
 - Provider Disruption
 - Repricing/Discount Review
 - Utilization Management
 - Pharmacy Management
 - Finalist Meetings

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August 2018 through October 2018

- Broker RFP

Mr. Quinn reviewed FY2018 financials and projected estimates for the FY2019 renewal as outlined below stating the differential appears to be -3.3%. Mr. Quinn stated it is fair, reasonable and responsible to have a reserve fund, but the question is whether it needs to be \$6 million.

Executive Summary: Budget

	FY 2018 Budget	FY 2019 Estimate	Differential
BCBS Medical Coverage	\$23,169,459	\$22,648,590	-2.2%
Pharmacy - Onsite (Net)	\$1,488,944	\$1,563,391	5.0%
Employee Clinic	\$403,200	\$411,264	2.0%
Wellness Program	\$226,647	\$226,647	0.0%
Waist Incentive	\$331,750	\$0	-100.0%
Total	\$25,620,000	\$24,849,892	-3.0%
Medical Employee Contribution	\$2,141,103	\$2,141,103	
Net Cost	\$23,478,897	\$22,708,789	-3.3%

- BCBS Medical coverage includes claims and fixed costs.
- The estimated medical gross figures and employee contributions for 7/1/2017 were provided by Mark III
- The estimated medical gross figures and employee contributions for 7/1/2018 are based on 2,589 enrolled on the medical plan.
- Cumberland County has accumulated an estimated \$6,000,000 in reserve to account for a poor claims year.
- IBNR (incurred but not recorded) claims (with margin) are estimated at \$1,585,990.
- Above 2017 figures provided by Cumberland County.
- 2018 figures included a small margin for cost fluctuation.
- Review the merits of the Waist Incentive Program for 2018.

Mr. Quinn highlighted underwriting details for the prior and current periods as outlined below and stated it will likely be consistent next year and is fair and reasonable to budget. Mr. Quinn stated underwriting and looking at claims is a predictable event based on 5,000 claimants and the County pays for individual stop-loss insurance for all claims over \$150,000 which is important to continue.

BCBS NC: Claims Summary / Rolling 24 Month Period - January 1, 2016 through December 31, 2017

- For illustrative purposes, we have noted claims with and without large claimants over \$150,000 (Overlaps Stop Loss Periods)

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	Prior Period – January 2016 through December 2016	Current Period – January 2017 through December 2017
Loss Ratio	106% of expected 100.9% excluding claimants +\$150,000	93.5% of expected 88% excluding claimants + \$150,000
Number of Claimants over \$50,000	64	58
Number of Claimants over \$150,000	5	7
Total Paid Claimants over \$50,000 to \$150,000/ % of Total Claims to \$150k	\$5,159,072 27.6%	\$5,289,750 30.3%
Total Paid for Claimants over \$150,000	\$943,083	\$1,078,636

Mr. Quinn provided the following medical renewal summary and stated the fixed cost increase is purely due to a stop loss increase which is a moving number each year and the most volatile piece in insurance because the company is taking a greater risk. Mr. Quinn stated it is important to have this protection in place and the aggregate hard dollar increase of \$250,000 is being negotiated with BCBS NC. Mr. Quinn stated the administration cost remains at current and for budgeting purposes, a margin of 5% or about \$950,000 was added to expected claims and included the -3.3% differential based on existing claims. Mr. Quinn stated based on 5,000 claimants, the underwriting calculation should not miss by more than 5%. Mr. Quinn stated there should always be a reserve fund but some of the \$6 million may be able to be released from that reserve fund and used for other things; this is the Board’s call.

Mr. Quinn responded to questions and stated what he is explaining is how most organizations of the County’s size would do their planning and many do not have a reserve fund that is 33% of expected claims. Mr. Quinn stated it is a big fund and perhaps the County wants to take another year or two to look at it. Mr. Quinn stated Chernoff Diamond is trying to make sure they are coaching the County appropriately and being fiscally responsible. Mr. Quinn stated the County may be more comfortable using some of the reserve funds for other things in the future, but the underwriting calculation should not miss by 33%.

Medical Renewal Summary: BlueCross BlueShield of North Carolina

Coverage	2589 Enrolled	CURRENT BCBS NC	Renewal BCBS NC	Projected w/CD Factors
Fixed Cost Comparison				
PEPY Annual		\$944	\$1,041	\$1,041
Differential from Current		\$2,443,188	\$2,694,528	\$2,694,528
			10.3%	10.3%
Expected Liability				
PEPY Annual		\$7,515	\$7,324	\$7,340
Differential from Current		\$19,457,313	\$18,961,945	\$19,003,869
			-2.5%	-2.3%
Fixed Costs + Expected Claims				
PEPY Annual		\$8,459	\$8,365	\$8,365
Differential from Current		\$21,900,501	\$21,656,473	\$21,698,397
			-1.1%	-0.9%
Fixed Costs + Expected Claims + CD at 5% Margin				
PEPY Annual		\$8,459	\$8,365	\$8,748
Differential from Current		\$21,900,501	\$21,656,473	\$22,648,590
			-1.1%	3.4%

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Mr. Quinn stated because the County is self-funded, it has some flexibility with its plan design. Mr. Quinn explained the renewal options/changes and recommendations outlined below.

Medical Renewal Options/Changes

Benefit/Eligibility Description	Optional Benefit/Eligibility Changes	Choose Option
Telehealth <i>Effective 7/1/17 or upon renewal</i>	Option to select from one of 3 contracted vendors or exclude. <ul style="list-style-type: none"> • DoctorOnDemand • MDLive (Standard) • Teladoc Cost \$0.80 PEPM; Member Co-Pay/Cost Share will apply	Select: <ul style="list-style-type: none"> • DoctorOnDemand • MDLive (Standard) • Teladoc • Exclude
Diagnostic Services with Wellness Diagnosis <i>Effective 1/1/18 or upon renewal</i>	Option to accept BCBS' new standard benefit of Diagnostic services billed with a wellness diagnosis will be denied. Including, but not limited to: Urinalysis testing, Thyroid function testing, Vitamin D, serum testing, EKGs, Testosterone level testing, Vitamin B serum testing, Albumin (urine) testing, Iron level testing, Chest x-rays. <p>OR</p> choose to cover for services based on place of service <p>Last 12 Months of Cumberland Data: 2,111 claimants (may be same claimants for different services), \$87,230 Billed, \$66,462 Paid</p>	Select One: <ul style="list-style-type: none"> • Standard • Payment based on place of service
Mental Health and Substance Abuse Office Visits <i>Effective 1/1/18 or upon renewal</i>	Mental Health and Substance Abuse office visits, Option to <ul style="list-style-type: none"> • Cover at PCP copay. (New BCBS Standard) • Remain at specialist cost share (currently 20% after deductible on PPO) Estimated increased claim cost of \$27,000 annually at PCP Copay (based on current claims)	Select One: <ul style="list-style-type: none"> • Standard • Remain w/Specialist Cost Share
Preventive Services: Bright Futures	Blue Cross NC will cover the following services in-network at the pediatrician's office at 100% with no deductible: <ul style="list-style-type: none"> • 100% (no member liability/no charge) on maternal depression • 100% (no member liability/no charge) on newborn bilirubin screening 	Mandatory Change

- Cumberland's plan in non-grandfathered.
- Essential Health Benefits have been benchmarked through North Carolina
- The terms noted as "standard" are the options that BCBS NC is applying to their fully insured groups. As an ASO plan sponsor, Cumberland may choose the option best suited for the plan.

Recommendations

- Revert to Single Option PPO Plan
- Keep PPO deductibles/co-insurance, etc. as is. Removing the Consumer Driven Health Plan (CDHP) will leave some employees with a higher deductible and Out of Pocket
- Implement TeleHealth – Estimated Annual Fixed Cost \$24,854
- Adopt standard Mental Health office visit processing at PCP visit co-pay
- Mandatory Change – Bright Futures
- Evaluate viability of offering grandfathered smoker and non-smoker contribution tiers

Questions and comments followed. Ms. Cannon requested action on the recommendations laid out by Chernoff Diamond for the July 1 renewal.

MOTION: Commissioner Adams moved to approve the recommendations as presented.
 SECOND: Commissioner Faircloth

DISCUSSION: Commissioner Faircloth stated the County has a \$6 million reserve and 5% built in for claims excess and in last year's plan, a lot of first dollar money was removed for specialists which basically hurt a lot the chronically ill who have to go to specialists every three months. Commissioner Faircloth stated although this

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resulted in favorable claims experience, money was saved on the backs of the chronically ill. Commissioner Faircloth stated he favors restoring some first dollar money for chronic illness, even though he does not have the numbers and there is no recommendation for that. Commissioner Adams stated he agreed and would like to have the numbers brought back to the April Finance Committee meeting. Mr. Quinn stated a specialist visit is subject to deductible and co-insurance, so they will get an incremental projection of claims based on restoring some kind of co-pay. Mr. Quinn explained the co-pay is usually double the primary care co-pay. Mr. Quinn stated they will also look back and see what the average claim dollar was over the last two years on the actual experience for specialists.

Commissioner Adams withdrew his motion and stated action could be tabled to the next meeting of the Finance Committee. Commissioner Keefe asked whether the matter was time sensitive and could be tabled. Ms. Cardinali stated as long as action is no later than the April meeting because any changes will need to be communicated to employees and open enrollment will need to proceed. Commissioner Adams stated since there does not appear to be any objections to the recommendations, he will offer a motion and after receiving the numbers in April, it can be amended should there be a desire to do so.

- MOTION: Commissioner Adams moved to go forward with the recommendations with the proviso as presented.
- SECOND: Commissioner Faircloth
- VOTE: UNANIMOUS (3-0)

4. CONSIDERATION OF FINDINGS FROM FOLLOW-UP AUDIT OF WOMEN'S PROGRAMS AT THE HEALTH DEPARTMENT

BACKGROUND:

Internal Audit has completed a follow-up audit of the Women's Programs at the Health Department for the time period of July 1, 2017 – December 31, 2017. The report for the audit is being submitted for review at this time.

RECOMMENDATION/PROPOSED ACTION:

Staff recommends accepting the Internal Audit report for the Women's Programs at the Health Department.

Tammy Gillis, Internal Audit Director and Wellness Coordinator, stated this audit is a follow-up on the Cumberland County Public Health Department Women's Clinic procedures for notifying patients of abnormal breast and cervical exam results. Ms. Gillis explained the Women's Clinic consists of the Breast and Cervical Cancer Control Program (BCCCP), Family Planning and Maternity. Ms. Gillis stated the Cumberland County BCCCP Progress Report from DHHS and contracted lab company reports from July 1, 2017 through December 31, 2017 were used to perform a 100% review. Ms. Gillis also stated the Cumberland County Health Department

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Abnormal Pap Smear Follow-Up Procedure for BCCCP, Family Planning and Maternity were used as guidelines to determine timely notification of abnormal results.

Ms. Gillis provided the following audit report:

BREAST AND CERVICAL CANCER CONTROL PROGRAM (BCCCP)

There were no patients with abnormal cervical exams from July 1 through December 31, 2017 in the BCCCP.

There were five patients with abnormal mammogram results on the Cumberland County BCCCP Progress Reports for July 1, 2017 through December 31, 2017. All five patients were notified timely.

FINDING:

The BCCCP does not have a written Health Department policy for notifying patients with abnormal mammogram results. There is a State policy for BCCCP, but Health Department staff utilize the same notification policy for abnormal mammograms that is used for notification of abnormal cervical exam results.

RECOMMENDATION:

The Health Department staff should adopt a written Health Department policy for notifying patients with abnormal mammogram results.

FAMILY PLANNING CLINIC

There were 53 patients with abnormal cervical exam results on the contracted lab company reports for July 1, 2017 through December 31, 2017.

The Health Department's policy for notification of abnormal cervical exam results:

- 1) 1st notification will be telephone call to patient and documented in patient electronic health record (EHR). This will be done within 3 business days of receiving labs from Provider.
- 2) If no response from 1st telephone call within 2 business days, 1st notification letter is sent to patient. This is documented in patient EHR.
- 3) If no response from 1st letter and telephone call in 7 business days, a 2nd telephone call and final attempt letter will be sent via certified mail. This is documented in the patient EHR.
- 4) When patient is contacted, counseling/education is initiated.
- 5) Copy of all letters will be sent to medical records to be scanned into the patient EHR.

FINDINGS:

Three patients were not notified in a timely manner of their abnormal cervical exam results:

- One patient was notified 50 days late due to oversight by Health Department staff.
- Health Department lab staff reconcile patient lab sheets to ensure that results are received for all patients. The reconciliation was not performed in Sep and Dec 2017. As a result, one patient was notified 83 days late and one patient 38 days late.

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RECOMMENDATION:

The Health Department lab staff should reconcile patient lab sheets to ensure that Clinics can adhere to their notification policies.

MATERNITY CLINIC

There were 12 patients with abnormal cervical exam results on the contracted lab company reports for July 1, 2017 through December 31, 2017.

The Health Department's policy for notification of abnormal cervical exam results:

- 1) The patient is informed of the abnormal pap result and need for follow-up during her next prenatal appointment (pnv).
- 2) If it is urgent and patient needs to be seen immediately, the nurse calls the patient to inform her of her results and need for follow-up.
- 3) If the patient does not return to clinic and/or cannot be reached by telephone after two attempts on two different days, the nurse will attempt to contact patient via emergency contact; if no response within 10 days, a letter will be sent to the patient.
- 4) If no response from 1st letter within 10 days, telephone call is attempted to patient, if no response, 2nd notification letter is sent and
- 5) If no response from 1st and 2nd letter, and telephone call in 10 days, a Final Attempt letter will be sent via certified mail
- 6) At discretion of the clinic provider, a 2nd certified letter may be mailed, if no response, the patient is placed inactive.

FINDINGS:

Two patients were not notified in a timely manner of their abnormal cervical exam results:

- One patient was not informed at their next prenatal visit following the abnormal exam results. The patient was informed at their second prenatal visit, which was 90 days late.
- One patient that missed their next prenatal visit after the abnormal result was received was informed at their rescheduled prenatal visit, which was 14 days late.

RECOMMENDATION:

The Maternity Clinic Health Department staff should follow their written policy of notifying patients with abnormal results.

CONCLUSION:

All Findings and Recommendations have been discussed with the Health Department Women's Clinic staff and all patients have now been notified of abnormal results.

Questions followed. Ms. Gillis stated the report has been given to Interim Health Department Director Duane Holder who will respond to the findings.

MOTION: Commissioner Faircloth moved to accept the internal audit report on the Cumberland County Public Health Department Women's Clinic.

SECOND: Commissioner Adams

VOTE: UNANIMOUS (3-0)

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Mr. Holder informed the Committee that the outliers who were not notified in a timely manner are currently being dealt with and stated the definition of timely is spelled out in the policy because the state does not have a definition of timely notification. Mr. Holder stated this audit report has been shared internally and will be shared with the Board of Health at its next meeting. Mr. Holder stated currently there is no comprehensive reporting mechanism for reporting to the Board of Health and a dashboard of typical indicators will be implemented in an effort to pull in and further engage the Board of Health. Mr. Holder stated he plans to have at the next meeting of the committee a proposal from the outside risk manager on costs to engage representatives to find the remaining 30 individuals not contacted and should there be interest, a similar type proposal for engagement to conduct an outside review. Mr. Holder responded to questions from Commissioner Evans.

5. CONSIDERATION OF SELECTION OF COUNSEL TO PURSUE OPIOID LITIGATION

BACKGROUND:

As a measure of the extent of the opioid crisis in our County, I have included in the attachments data on opioid prescription rates and opioid poisoning deaths which are posted on the NCACC’s website. The data shows, that although Cumberland County ranks in the bottom one-third of all counties for opioid pills per resident and opioid prescriptions per resident, it still had the fifth highest number of opioid poisoning deaths among all counties in 2015, the last year for which data has been published on this website. The rankings for all counties with more than 30 opioid poisoning deaths for 2015 were:

Mecklenburg	39 deaths	2015 population of 1,034,070, rank 1
Wake	38 deaths	2015 population of 1,024,198, rank 2
Forsyth	33 deaths	2015 population of 369,019, rank 4
New Hanover	32 deaths	2015 population of 220,358, rank 9
Cumberland	31 deaths	2015 population of 323,838, rank 5
Burke	30 deaths	2015 population of 88,824, rank 33

Based on the relative populations, it might be expected that Cumberland would rank in the top six counties for opioid poisoning deaths; however; this result is surprising with Cumberland’s low ranking in the prescription use data. At the February 15, 2018, Finance Committee meeting, Commissioner Adams asked for information on the source of the data posted on the NCACC’s website. The data is from the CDC US Prescribing Rate Maps with the prescribing data source being QuintilesIMS Transactional Data Warehouse (TDW). That data is based on a sample of approximately 59,000 retail (non-hospital) pharmacies, which dispense nearly 88% of all retail prescriptions in the U.S. For this database, a prescription is an initial or refill prescription dispensed at a retail pharmacy in the sample, and paid for by commercial insurance, Medicaid, Medicare, or cash or its equivalent. The database does not include mail order pharmacy data. The population data is derived from the official annual estimate of population on July 1 by the Census Bureau. Military personnel are included in the official estimate in the same manner as they are counted in the decennial census.

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All these opioid cases against manufacturers or distributors filed in any U. S. District Court have been assigned to a judge in the Northern District of Ohio as multi-district litigation. That will happen with any case filed by Cumberland in the Eastern District of North Carolina.

The NCACC has been very active in assisting counties with the response to the opioid crisis. As of January 22, 2018, the NCACC reported that 22 counties had either filed suit or were in the process of selecting counsel to do so. The county attorney is aware of at least five other counties becoming involved in this process since that date. Staff at the NCACC interviewed a number of national law firms and groups of national law firms and selected two of those groups of law firms to make presentations to the state's county attorneys at a forum in November, 2017. Cumberland County has received proposals from each of those groups. A synopsis of each proposal follows:

The McHugh Fuller Group:

The group of national firms and local counsel for which Michael Jay Fuller, Jr., Esq., has been designated lead counsel are fully identified in the proposed contract which is attached. Local attorneys William O. Richardson, Esq., and Terry Hutchens, Esq., have been identified as the contact attorneys for Cumberland County. This group will sue the manufacturers and distributors. The abatement of the opioid epidemic as a public nuisance is one of many causes of action this group will pursue. That is the reason they require the counties they represent to adopt a resolution declaring the opioid crisis a public nuisance which must be abated. The resolution this group has requested is attached. Note that Bladen and Columbus Counties are identified as neighboring counties in which the prescription rates are much higher than the state average. The City of Fayetteville has contracted with this group to pursue opioid litigation.

The Crueger Dickinson Group:

The group of national firms and local counsel for which Erin Dickinson, Esq., has been a spokesperson in N.C. are fully identified in the proposed contract which is attached. Although this group has engaged Janet Ward Black, Esq., of Greensboro as local counsel in North Carolina, they have agreed to engage a Cumberland County attorney as local counsel for Cumberland County. They have proposed engaging Mike Williford of the Williford, Hollers, Crenshaw, Boliek & Frangakis Law Firm as local counsel but have expressed their willingness to engage any local counsel the Board of Commissioners prefers. This group intends to only sue the manufacturers which are identified in the proposed contract. They have not asked for a declaration of public nuisance but have asked for a resolution in support of the litigation which is attached. This group did tailor the resolution to fit the data for Cumberland County.

Both Groups:

The contract terms for both groups are now basically the same. Each is a 25% contingency fee contract with the fee to be applied to the gross amount of any recovery with the costs of litigation to be reimbursed from the balance after deducting the attorneys' fees. Each will provide defense for any counterclaims or claims for sanctions at no additional fee. Neither contract requires the county to expend any funds for attorneys' fees or costs except out of monies received out of settlement with or a judgment against the defendants. Under either of these contracts, the county could be liable for damages or attorney fees to the defendants if the defendants prevailed on any motion for sanctions or a counterclaim. Each of these groups of firms has experience with opioid and multi-district litigation and each is exceptionally qualified to pursue this litigation.

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Other Options:

The Board does not have to choose either of these firms to pursue this litigation; however; at this time no other counties have filed suit with a firm other than one of these. Alamance County has done a RFP for counsel and is in the selection process. The Catawba County Attorney was designated as local counsel for the McHugh Fuller Group and has already filed suit. Included in the attachments is the resolution that was adopted by Buncombe County on November 7, 2017, as an example of a resolution that was drafted by the county and specific to that county's circumstances. Buncombe was the first North Carolina County to file a lawsuit. This information is provided for the Board to understand that it has a range of options to consider and should proceed as it deems appropriate to Cumberland's circumstances.

RECOMMENDATION/PROPOSED ACTION:

The county attorney recommends the Board select counsel to join the litigation and advises that the two groups of firms whose proposals are summarized above are as qualified as any firm that might be solicited with a RFP. If the Board is satisfied with either of these proposals, the Board should proceed to select one of these groups as counsel under the terms of the proposals as presented or subject to such further conditions as the Board deems appropriate.

Mr. Moorefield referenced the information he provided and stated the first issue is to address a question posed earlier by Commissioner Adams regarding CDC data. Mr. Moorefield stated the CDC data is from a fiscal sample of 59,000 pharmacies across the United States that dispense 88% of the prescriptions in the country. Mr. Moorefield stated it is the only source of data, everyone is using it and it does not include hospital pharmacies. Mr. Moorefield stated the second issue is the selection of counsel. Mr. Moorefield explained the limited role of local counsel. Mr. Moorefield stated his recommendation is for the Board to designate the County Attorney as local counsel and to select the Crueger-Dickinson Firm because their litigation approach is more in line with the data Cumberland County has from the CDC. Mr. Moorefield stated Cumberland County does not have data to substantiate damages and the damages model used by the Crueger-Dickson Firm is based on a John Hopkins Medical School community damages model. Mr. Moorefield stated the case is being transferred and heard in the northern district of Ohio and most of what has happened thus far is procedural related to cases around the country being consolidated into this action. Questions and discussion followed.

Commissioner Adams stated a nuisance has to be declared and he is prepared to make a motion to let the County Attorney proceed with that because everyone has been bombarded by local firms. Commissioner Adams stated before a national firm is hired, local firms need to be given an opportunity to make a presentation.

MOTION: Commissioner Adams moved to allow the county attorney to proceed at this time and if there are local people that have a national firm, then they submit and a determination can be made at the next Finance Committee meeting.

SECOND: Commissioner Faircloth

DRAFT

DISCUSSION: Commissioner Keefe stated Mr. Moorefield is recommending a national firm. Commissioner Adams stated his motion did not include a national firm. Commissioner Keefe asked whether the local firms would contact a national firm and come to the committee with a proposal. Commissioner Faircloth stated based on the way he is reading it, the national firm hires their local counsel. Commissioner Adams stated so if these local people want to engage with whatever firm, that's on them. Commissioner Faircloth stated then local people do not have to bring proposals to the county and the committee will delay a recommendation for hiring. Commissioner Adams stated that is right and it will come back to the Finance Committee in April. Questions and additional discussion followed. Commissioner Keefe asked whether there would be a motion creating a nuisance. Mr. Moorefield stated a nuisance should not be declared because one of the firms is not using a nuisance approach. Mr. Moorefield clarified whether he was to bring back a final proposal from these two firms with local counsel. Commissioner Adams responded in the affirmative.

Commissioner Adams withdrew his motion. Commissioner Faircloth stated he only seconded the motion for discussion. Commissioner Keefe stated with no motion on the table, this matter will be tabled until the April meeting of the Finance Committee.

6. CONSIDERATION OF PURSUING LEGISLATION TO ESTABLISH COUNTY SMALL BUSINESS ENTERPRISE PROGRAM

BACKGROUND:

The Board of Commissioners will meet with the N.C. Legislative Delegation on March 9 at 8:30 a.m. in Room 119 of the Judge E. Maurice Braswell Courthouse. Commissioners were asked to submit items they wanted included on the state legislative agenda.

Commissioner Jimmy Keefe requested that the County discuss pursuing legislative action that mirrors House Bill 198/Session Law 2017-81 – “An Act to Amend the Charter of the City of Fayetteville to Authorize the City to Establish a Small Business Enterprise Program to Promote the Development of Small Businesses in the City and Enhance the Opportunities for Small Businesses to Participate in City Contracts.”

The item below was included in a DRAFT 2018 State Legislative Agenda approved by the Policy Committee on Feb. 15, 2018; and appeared on the consent agenda for the Board of Commissioners meeting on Feb. 19, 2018.

Consider pursuing legislative action to allow Cumberland County the flexibility to participate with local companies and vendors through a small business enterprise program like the legislative action approved last year for the City of Fayetteville. (Session Law 2017-81)

Commissioner Adams asked that the small business enterprise program item be removed from the State Legislative Agenda and referred to the Finance Committee on March 1 for consideration prior to discussing with the legislative delegation.

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A copy of the City’s legislation, which was ratified on June 29, 2017 has been provided along with information on how the City has implemented their program. The information provided also includes a presentation by the School of Government on “Local Preferences in Public contracting: Legal Limitations and HB198 and the resolution establishing the Small Local Business Enterprise Program.

RECOMMENDATION/PROPOSED ACTION:

Consider whether Cumberland County should pursue legislative action to allow it the flexibility to participate with local companies and vendors through a small business enterprise program.

Sally Shutt, Assistant County Manager, referenced information on how the City implemented their small business enterprise program. Commissioner Adams stated although he does not have a problem with what the City implemented, it has absolutely nothing to do with the legislation that says you can take one bidder over another bidder. Commissioner Adams stated the reason he asked to have this removed from the State Legislative Agenda was because it will drive up costs. Commissioner Adams stated if local bidders are selected over lower-cost outside bidders, outside bidders will cease to bid. Commissioner Adams stated he would like to see how it works out for the City and PWC and whether it has a financial impact. Commissioner Adams stated it will also be short-sighted for local businesses because when other counties do the same thing, local businesses will not be able to compete in those markets. Commissioner Adams stated the long-term effects have not been considered. Commissioner Keefe stated the idea was to mirror the City’s approach and establish a culture of working with local businesses. Commissioner Keefe stated poverty ceases when jobs happen and because the Board has responsibility for good stewardship, he would not support a higher bid just to go local. Commissioner Adams stated he concurred with Commissioner Keefe’s comments but feels it is all speculative. Commissioner Adams stated he thinks the implementation needs to take place because that can be done without the bill, and then wait and see what happens in terms of cost.

MOTION: Commissioner Adams moved to do the implementation but not the bill and wait to see the ramifications.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (3-0)

Ms. Cannon asked if the Committee would allow the Finance Director to come up with some program implementation steps tailored to the County instead of accepting the City’s. Consensus followed. Commissioner Keefe confirmed the legislation will not be on the State Legislative Agenda.

7. MONTHLY CDBG-DR UPDATE

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Status as of February 7, 2018:

Total Applications	Incomplete Applications	Applications Submitted For Review	*Complete Applications Ready for State Eligibility Review
206	104	64	38

*Ready for Eligibility Review and determination of Duplication of Benefits (DOB) by the State

Milestones:

- November 29, 2017 – State’s directive - Intake Center opens in Cumberland County
- January 16, 2018 – County received Transition Plan for Intake Center (effective 1/24/18)
- January 22, 2018 – County received executed State MOU
- January 25 & 26, 2018 – Salesforce software training for County & City staffs
- February 7, 2018 – State contractor ends support for Intake Center; County & City provide supplemental staffing to assist State
- February 7, 2018 – County staff identified as QC Reviewers (Dee Taylor) and Center Manager (Sylvia McLean) in the interim
- February 19, 2018 - State began transfer of Intake Center to Cumberland County
- March 23, 2018 – Intake Center totally transfers to Cumberland County
- Next step process – incomplete applications process
- Environmental assessment review processes to be done by the counties

Current Staffing:

- State: (2) NCEM staff - Application Specialist - as of to-date
- Cumberland County: supplemental staffing (2) CD staff
- City of Fayetteville: supplemental staffing (2) CD staff
- Advertised time-limited positions week of February 12, 2018

Hours of Operation:

- Monday – Friday, 9 a.m. to 4 p.m.

Tracy Jackson, Assistant County Manager, provided highlights of the information recorded above and stated the goal is to push everyone towards eligibility review. Mr. Jackson also stated the center will be moved from the Department of Social Services to the Community Development Department.

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MOTION: Commissioner Keefe moved to accept the update.
SECOND: Commissioner Faircloth
VOTE: UNANIMOUS (3-0)

8. MONTHLY FINANCIAL REPORT

Vicki Evans, Finance Director, provided highlights of the January to Year-to-Date report recorded below and stated the County is on trend with the same amounts of last fiscal year.

REVENUES	FY16-17 AUDITED	FY17-18 ADOPTED BUDGET	FY17-18 REVISED BUDGET	YTD ACTUAL	PERCENT OF BUDGET TO DATE
				AS OF JANUARY 31, 2018	
Ad Valorem Taxes					
Current Year	\$ 156,131,527	\$ 160,312,162	\$ 160,312,162	\$ 155,807,963	97.2% (1)
Prior Years	1,046,732	1,121,000	1,121,000	787,535	70.3%
Motor Vehicles	17,683,864	18,070,242	18,070,242	8,831,292	48.9% (2)
Penalties and Interest	650,368	667,602	667,602	313,779	47.0%
Other	1,018,563	930,279	930,279	574,632	61.8%
Total Ad Valorem Taxes	176,531,054	181,101,285	181,101,285	166,315,202	91.8%
Other Taxes					
Sales	41,517,943	41,760,036	41,760,036	14,002,425	33.5% (3)
Real Estate Transfer	1,091,362	700,000	700,000	586,454	83.8%
Other	1,114,408	1,111,500	1,111,500	334,432	30.1%
Total Other Taxes	43,723,713	43,571,536	43,571,536	14,923,311	34.3%
Unrestricted & Restricted Intergovernmental Revenues	75,613,483	67,300,253	70,609,410	29,697,650	42.1% (4)
Charges for Services	13,832,010	12,056,608	12,078,008	5,526,180	45.8%
Other Sources (includes Transfers In)	8,945,521	6,988,890	7,043,058	1,096,613	15.6% (5)
Proceeds Refunding Bonds	-	-	23,005,000	23,005,000	100.0% (6)
Premium on COPS Sold	-	-	4,285,558	4,285,557	100.0% (6)
County Closing Contribution	-	-	254,736	254,735	100.0% (6)
Lease Land CFVMC	3,714,637	3,714,637	3,714,637	3,474,492	93.5% (7)
Total Other	12,660,158	10,703,527	38,302,989	32,116,397	83.8%
Total Revenue	\$ 322,360,418	\$ 314,733,209	\$ 345,663,228	\$ 248,578,740	71.9%
Fund Balance Appropriation		8,889,652	8,247,120	-	0.0% (8)
Total Funding Sources	\$ 322,360,418	\$ 323,622,861	\$ 353,910,348	\$ 248,578,740	70.2%

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DEPARTMENTS	FY16-17	FY17-18	FY17-18	YTD ACTUAL	PERCENT OF
	AUDITED	ADOPTED BUDGET	REVISED BUDGET	EXPENDITURES AS OF JANUARY 31, 2018	BUDGET TO DATE **
Governing Body	\$ 591,731	\$ 617,587	\$ 617,587	\$ 355,093	57.5%
Administration	2,515,558	1,501,201	1,501,201	799,438	53.3%
Public Affairs/Education	76,879	497,199	497,199	291,405	58.6%
Human Resources	30,245	828,896	828,896	450,940	54.4%
Print, Mail, and Design	754,908	875,345	861,871	393,673	45.7%
Court Facilities	55,786	129,370	168,010	63,145	37.6%
Facilities Maintenance	1,936,136	2,009,030	2,110,875	753,140	35.7%
Landscaping & Grounds	606,364	607,577	612,237	329,944	53.9%
Carpentry	231,715	234,884	234,884	109,045	46.4%
Facilities Management	1,238,266	1,267,781	1,273,221	690,480	54.2%
Public Buildings Janitorial	721,041	710,946	710,946	412,752	58.1%
Central Maintenance	798,075	672,386	672,386	366,146	54.5%
Information Services	3,388,444	3,958,479	4,067,447	2,129,830	52.4%
Board of Elections	1,180,015	2,237,762	2,237,762	591,062	26.4% (1)
Finance	1,205,572	1,201,225	1,201,225	661,249	55.0%
Legal	668,776	813,554	813,554	394,486	48.5%
Register of Deeds	2,092,298	2,321,099	2,761,865	1,069,263	38.7%
Tax	5,567,709	5,589,154	5,620,154	2,849,274	50.7%
Debt Service	23,400,669	21,464,283	21,466,328	15,291,865	71.2% (2)
General Government Other	3,828,293	4,237,882	4,331,276	1,739,653	40.2%
Sheriff	47,212,707	50,250,550	50,518,813	26,393,317	52.2%
Emergency Services	3,064,405	3,320,934	3,392,791	1,833,948	54.1%
Criminal Justice Pretrial	434,987	426,673	426,673	199,953	46.9%
Youth Diversion	325	25,000	25,000	784	3.1% (3)
Animal Control	2,932,986	2,922,717	2,947,717	1,628,357	55.2%
Public Safety Other (Medical Examiners, NC Detention Subsidy, etc.)	1,007,220	1,075,666	1,075,666	601,136	55.9%
Health	22,269,462	22,506,054	23,004,565	11,794,298	51.3%
Mental Health	3,148,761	5,452,507	3,281,366	2,240,562	68.3%
Social Services	71,524,059	66,425,182	67,141,445	33,895,670	50.5%
Veteran Services	371,189	385,725	385,725	215,733	55.9%
Child Support	4,893,727	5,044,200	5,044,200	2,692,723	53.4%
Spring Lake Resource Administration	31,524	34,332	34,332	14,088	41.0%
Library	11,105,397	10,530,428	10,778,172	5,829,766	54.1%
Stadium Maintenance	110,288	117,296	117,296	40,573	34.6%
Culture Recreation Other (Some of the Community Funding)	312,816	268,069	268,069	236,948	88.4%
Planning	3,077,126	3,446,758	3,455,653	1,657,955	48.0%
Engineering	439,678	510,090	2,437,872	287,915	11.8% (4)
Cooperative Extension	570,083	705,596	705,596	277,251	39.3%
Location Services	357,095	447,221	447,221	182,620	40.8%
Soil Conservation	141,234	136,400	354,807	82,835	23.3%
Public Utilities	87,442	110,270	124,474	54,203	43.5%
Economic Physical Development Other	20,000	20,000	20,000	20,000	100.0% (5)
Industrial Park	3,296	23,148	23,148	564	2.4% (6)
Economic Incentive	420,423	548,418	710,918	38,282	5.4% (7)
Water and Sewer	-	250,000	250,000	-	0.0% (8)
Education	91,394,940	93,341,404	93,341,404	53,638,636	57.5%
Other Uses:					
Transfers Out	2,264,613	3,522,583	3,465,252	121,217	3.5% (9)
Refunding of 2009A and 2011B LOBS	-	-	27,543,249	27,531,480	100.0% (10)
TOTAL	\$ 318,084,263	\$ 323,622,861	\$ 353,910,348	\$ 201,252,698	56.9%

Expenditures by Category	FY16-17	FY17-18	FY17-18	EXPENDITURES AS OF	PERCENT OF
	UNAUDITED	ADOPTED BUDGET	REVISED BUDGET	JANUARY 31, 2018	BUDGET TO DATE
Personnel Expenditures	\$ 131,620,131	\$ 136,744,346	\$ 135,634,683	\$ 70,303,583	51.8%
Operating Expenditures	158,133,695	157,914,300	161,300,068	85,854,676	53.2%
Capital Outlay	2,118,869	3,460,456	3,983,875	1,716,783	43.1% (11)
Debt Service	23,946,955	21,981,176	21,983,221	15,724,960	71.5%
Refunding of 2009A and 2011B LOBS	-	-	27,543,249	27,531,480	100.0%
Transfers To Other Funds	2,264,613	3,522,583	3,465,252	121,217	3.5%
TOTAL	\$ 318,084,263	\$ 323,622,861	\$ 353,910,348	\$ 201,252,698	56.9%

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Fiscal Year 2018 - January Year-to-Date Actuals

Additional Detail

General Fund Revenues

*

- (1) **Current Year Ad Valorem** 97.2% - the bulk of revenues are typically recorded between November - January.
- (2) **Motor Vehicles** 48.9% - YTD Actual reflects 6 months of collections.
- (3) **Sales Tax** 33.5% - YTD Actual reflects four months of collections.
- (4) **Unrestricted/Restricted Intergovernmental Revenues** 42.1% - lag in revenue is typically one month.
- (5) **Other Sources** (includes Transfers In) 15.6% - Rental income makes up majority of actual receipts. The majority of remaining balance is budgeted as a transfer in to fund the Board of Ed debt payment toward year-end.
- (6) **Proceeds, Premium, Closing** 100% - COPS/LOBS refunding of \$23M closed in August 2017. (Correlates with item (10) on report of expenditures.)
- (7) **Lease Land CFVMC** 93.5% - typically paid in the beginning of the fiscal year. Staff continue to follow up on the balance remaining.
- (8) **Fund Balance Appropriation** 0% - Direct entries are not made to fund balance throughout the fiscal year.

General Fund Expenditures

**

- (1) **Board of Elections** 26.4% - capital purchase budgeted for \$809,045 has not yet been purchased.
- (2) **Debt Service** 71.2% - debt payment made in December
- (3) **Youth Diversion** 3.1% - expenditures for this program tend to occur later in the fiscal year. Conference scheduled during the month of December.
- (4) **Engineering** 11.8% - Revised budget reflects \$1.2M addition for stream debris removal grant for which no expenditures have been incurred. A budget revision was done in December to move this grant over to Engineering since they will be completing the projects.
- (5) **Economic Physical Development** 100% - NC Southeast contribution has been paid in full.
- (6) **Industrial Park** 2.4% - maintenance at Cedar Creek Industrial Park has not yet been completed.
- (7) **Economic Incentive** 5.4% - economic incentives are budgeted at 100% of agreements but are not paid unless/until the company complies.
- (8) **Water and Sewer** 0% - Funds budgeted for Overhills W&S have not yet been expended.
- (9) **Transfers Out** 3.5% - transfers out typically occur near year-end.
- (10) **Refunding** of 2009A and 2011B LOBS 100% - refunding of \$23M closed in August 2017. (Correlates with item (6) on report of revenues.)
- (11) **Capital Outlay** 43.1% - Board of Elections capital equipment and FTCC capital outlay budgeted but not incurred or encumbered makes up the majority of unutilized budget.

9. OTHER ITEMS OF BUSINESS

There were no other items of business.

There being no further business, the meeting adjourned at 10:05 a.m.

AMY H. CANNON
County Manager

MELISSA C. CARDINALI
Assistant County Manager



CUMBERLAND
COUNTY
NORTH CAROLINA

ITEM NO. 2
DUANE T. HOLDER
Assistant County Manager

TRACY JACKSON
Assistant County Manager

SALLY S. SHUTT
Assistant County Manager

OFFICE OF THE COUNTY MANAGER

**MEMO FOR THE AGENDA OF THE MAY 3, 2018
MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE

FROM: MELISSA C. CARDINALI, ASSISTANT COUNTY MANAGER

THRU: AMY H. CANNON, COUNTY MANAGER *Amy Cannon*

DATE: APRIL 25, 2018

SUBJECT: CONSIDERATION OF ANNUAL SCHOOL FUNDING
AGREEMENT FOR THE CUMBERLAND COUNTY SCHOOL
SYSTEM

Requested by: Board of Commissioners

Presenter: Melissa C. Cardinali, Assistant County Manager

Estimate of Committee Time Needed: 20 Minutes

BACKGROUND:

At the April 16, 2018 Board of Commissioners meeting, the following March 1, 2018 Finance Committee recommendation was considered:

- A three-year funding agreement based on a rate of \$1,575 per allotted average daily membership (ADM).
- The ADM rate of \$1,575 was derived from FY17 funding of \$79,463,109 and FY17 allotted ADM of 50,459.
- The allotted ADM did not include charter students, as originally thought.

The action at the April 16, 2018 meeting was to refer this matter back to the Finance Committee for further consideration.

RECOMMENDATION/PROPOSED ACTION:

Consider the expanded information provided on ADM and the inclusion of a floor in the funding formula as a basis for the annual school funding agreement.



CUMBERLAND
COUNTY
NORTH CAROLINA

Annual School Funding Agreement for the Cumberland County School System

Finance Committee Agenda

May 3, 2018

Annual Funding - CCSS

- Finance Committee March 1, 2018:
 - Fund the Cumberland County School System at a rate of \$1,575 per Allotted ADM
 - Fiscal years 2019, 2020, and 2021
 - Goals for funding formula –
 - Measurable
 - Predictable
 - Sustainable

Annual Funding - CCSS

- April 16, 2018 Board of Commissioners:
 - Send CCSS proposed funding agreement back to Finance Committee
 - Possibility of including “floor” in formula

Annual Funding - CCSS

- Basis of proposed formula
 - Allotted Average Daily Membership (ADM)
 - Includes Kindergarten through Grade 12 and Charter School students
 - Calculated by the N.C. Department of Public Instruction (NCDPI)

Annual Funding - CCSS

■ Allotted ADM

Fiscal Year	CCSS	Charter Schools	Total	Annual % Change
2013 – 14	51,774	-	51,774	-
2014 – 15	52,002	740	52,742	1.87%
2015 – 16	50,780	1,042	51,822	(1.74%)
2016 – 17	50,459	1,262	51,721	(0.19%)
2017 – 18	50,485	1,398	51,883	0.31%

Current Expense Funding - CCSS

■ Annual Current Expense Funding from Cumberland County to CCSS

Fiscal Year	County Funding	Annual Increase	Annual % Change
2013-14	\$76,220,676	\$0	
2014-15	\$76,982,883	\$762,207	1.00%
2015-16	\$78,345,062	\$1,362,179	1.77%
2016-17	\$79,463,109	\$1,118,047	1.43%
2017-18	\$80,362,412	\$899,303	1.13%

Annual Funding – CCSS ADM Example for FY 2019

- Establish a 'floor' for annual funding
 - Historically ADM has not experienced a dramatic annual decrease
 - In the event the annual Allotted ADM decreases one-half (1/2) percent or more
 - Decrease annual funding by no more than ½%
 - Otherwise, annual funding would increase or decrease by the same percentage changes as the Allotted ADM

Annual Funding – CCSS ADM Example for FY 2019

- Example of 'floor' for annual funding using FY18 ADM as the base

Fiscal Year	Allotted ADM	Percent Change	Funding Per ADM	Annual Funding	% Change in Funding
2017 – 18	51,883			\$80,362,412	
2018 - 19	51,635	(0.48%)	\$1,549	\$79,982,615	(0.47%)
2019 –20	51,200 *	(0.84%)	\$1,549	\$79,578,389	(0.50%)
2020 - 21	51,900 *	1.37%	\$1,549	\$80,388,744	1.37%

- * FY20 and FY21 ADM numbers are for demonstration only

Annual Funding - CCSS

- Annual funding agreement decision points –
 - What is funding basis / goal?
 - Use allotted ADM including charter schools as published by NCDPI?
 - Include a floor in formula?
 - Other parameters?

RICKEY L. MOOREFIELD
County Attorney



ITEM NO. 3.

PHYLLIS P. JONES
Assistant County Attorney

ROBERT A. HASTY, JR.
Assistant County Attorney

OFFICE OF THE COUNTY ATTORNEY

5th Floor, New Courthouse • P.O. Box 1829 • Suite 551 • Fayetteville, North Carolina 28302-1829
(910) 678-7762

**MEMO FOR THE AGENDA OF THE MAY 3, 2018,
MEETING OF THE FINANCE COMMITTEE**

TO: Asst. Co. Manager Melissa Cardinali
FROM: Co. Atty. *R. Moorefield*
DATE: April 24, 2018
SUBJECT: Selection of Counsel to Pursue Opioid Litigation

Requested by Finance Committee
Estimate of Time Needed: 15 minutes

Attachments:

- (1) Proposed contract with McHugh Fuller Group**
- (2) Resolution requested by McHugh Fuller Group with Exhibit A**
- (3) Proposed contract with Crueger Dickinson Group**
- (4) Resolution requested by Crueger Dickinson Group**

BACKGROUND:

At its March 1, 2018, meeting the Finance Committee discussed that any local attorneys who wished to serve as local counsel with one of the national groups of firms that were representing counties in the opioid litigation should contact the national firms and work out the arrangements for being designated as local counsel. Only three local attorneys contacted the county attorney to express their interest in serving as local counsel. The county attorney provided each with the contact information for the McHugh Fuller Group and the Crueger Dickinson Group. The county attorney advised each of the national groups about this process and asked that they submit their final proposed contracts by March 27, 2018. A synopsis of the proposed contracts submitted by the two national groups follows:

The McHugh Fuller Group:

The group of national firms and local counsel for which Michael Jay Fuller, Jr., Esq., has been designated lead counsel are fully identified in the proposed contract which is attached. The local attorneys included in the North Carolina firms designated as local counsel are:

THE RICHARDSON FIRM, PLLC
4200 Morganton Road, Suite 150
Fayetteville, North Carolina

LAW OFFICES OF ANTONIO F. GERALD, PLLC
137 Person Street, Suite 103
Fayetteville, North Carolina

This group will sue the manufacturers and distributors. The abatement of the opioid epidemic as a public nuisance is one of many causes of action this group will pursue. They require the counties they represent to adopt a resolution declaring the opioid crisis a public nuisance which must be abated. The resolution this group has requested is attached. Note that neighboring counties are identified as counties in which the prescription rates are much higher than the state average. Cumberland's rate is lower than the state average.

The Crueger Dickinson Group:

The group of national firms and local counsel for which Erin Dickinson, Esq., has been a spokesperson in N.C. are fully identified in the proposed contract which is attached. The Fayetteville firm of Williford, Hollers, Crenshaw, Boliek & Frangakis has been designated as local counsel for Cumberland County. This group also intends to sue the manufacturers and distributors but they are not pursuing a cause of action for abatement of a public nuisance. They have not asked for a declaration of public nuisance but have asked for a general resolution in support of the litigation which is attached. This group did tailor the resolution to fit the data for Cumberland County. This group's contract has a provision addressing any potential conflict of interest arising out of the group's representation of multiple N.C. counties and cities. Acceptance of the contract constitutes a waiver of any conflict of interest.

Both Groups:

The fee provisions for both groups are now basically the same. Each is a 25% contingency fee contract with the fee to be applied to the gross amount of any recovery with the costs of litigation to be reimbursed from the balance after deducting the attorneys' fees. Each caps all fees, costs and expenses at 35% of the gross amount of any recovery. Neither contract requires the county to expend any funds for attorneys' fees or costs except from monies received out of settlement with or a judgment against the defendants. Neither contract will provide defense for any counterclaims or claims for sanctions at no additional fee. Under either of these contracts, the county could be liable for damages or attorney fees to the defendants if the defendants prevailed on any motion for sanctions or a counterclaim. Each of these groups of firms has experience with opioid and multi-district litigation and each is exceptionally qualified to pursue this litigation.

Other Options:

The Board does not have to choose either of these firms to pursue this litigation. At this time no other N.C. counties have filed suit with a firm other than one of these.

RECOMMENDATION/PROPOSED ACTION:

The county attorney recommends the Board select counsel to join the litigation and advises that the two groups of firms whose proposals are summarized above are as qualified as any firm that might be solicited with a RFP. If the Board is satisfied with either of these proposals, the Board should select one of these groups as counsel under the terms of the proposals as presented or subject to such further conditions as the Board deems appropriate.

AUTHORITY TO REPRESENT

RE: Cumberland County, North Carolina civil suit against those legally responsible for the wrongful distribution of prescription opiates and damages caused thereby.

CUMBERLAND COUNTY, NORTH CAROLINA (hereinafter "CLIENT") hereby retains the law firm MCHUGH FULLER LAW GROUP, PLLC, pursuant to the North Carolina Rules of Professional Responsibility, on a contingent fee basis, to pursue all civil remedies against those in the chain of distribution of prescription opiates responsible for the opioid epidemic which is plaguing Cumberland County, North Carolina, including, but not limited to, filing a claim for public nuisance to abate the damages caused thereby. **Michael Jay Fuller, Jr., Esq.** of the law firm MCHUGH FULLER LAW GROUP, PLLC shall serve as LEAD COUNSEL. CLIENT authorizes lead counsel to employ and/or associate additional counsel, with consent of CLIENT, to assist LEAD COUNSEL in the just prosecution of the case. CLIENT consents to the participation of the following firms:

GREENE, KETCHUM, FARRELL, BAILEY & TWEEL, LLP
419 11th Street
Huntington, West Virginia

LEVIN, PAPANTONIO, THOMAS, MITCHELL, RAFFERTY & PROCTOR, PA
316 South Baylen Street
Pensacola, Florida

BARON & BUDD, PC
3102 Oak Lawn Avenue #1100
Dallas, Texas

HILL PETERSON CARPER BEE & DEITZLER PLLC
500 Tracy Way
Charleston, West Virginia

MCHUGH FULLER LAW GROUP
97 Elias Whiddon Rd
Hattiesburg, Mississippi

POWELL & MAJESTRO, PLLC
405 Capitol Street, Suite P-1200
Charleston, West Virginia

DONALD R. VAUGHAN AND ASSOCIATES
612 W. Friendly Avenue
Greensboro, North Carolina

PINTO, COATES, KYRE & BOWERS, PLLC
3203 Brassfield Road
Greensboro, North Carolina

GEORGE B. DANIEL, P.A.
139 E. Main Street
Yanceyville, North Carolina

THE RICHARDSON FIRM, PLLC
4200 Morganton Road, Suite 150
Fayetteville, North Carolina

LAW OFFICES OF ANTONIO F. GERALD, PLLC
137 Person Street, Suite 103
Fayetteville, North Carolina

In consideration, CLIENT agrees to pay twenty-five percent (25%) of the total recovery (gross) in favor of the CLIENT as an attorney fee whether the claim is resolved by compromise, settlement, or trial and verdict (and appeal). Total fees and expenses shall not exceed thirty-five percent (35%) of the gross recovery. The gross recovery shall be calculated on the amount obtained before the deduction of costs and expenses. CLIENT grants Attorneys an interest in a fee based on the gross recovery. If a court awards attorneys' fees, Attorneys shall receive the "greater of" the gross recovery-based contingent fee or the attorneys' fees awarded. **There is no fee if there is no recovery.**

McHUGH FULLER LAW GROUP, PLLC and the other law firms, hereinafter referred to as the "Attorneys," agree to advance all litigation expenses necessary to prosecute these claims. All such litigation expenses, including the reasonable internal costs of electronically stored information (ESI) and electronic discovery generally or the direct costs incurred from any outside contractor for those services, will be deducted from any recovery after the contingent fee is calculated. **There is no reimbursement of litigation expenses if there is no recovery.**

The CLIENT acknowledges this fee is reasonable given the time and labor required, the novelty and difficulty of the questions involved, and the skill requisite to perform the legal service properly, the likelihood this employment will preclude other employment by the Attorneys, the fee customarily charged in the locality for similar legal services, the anticipated (contingent) litigation expenses and the anticipated results obtained, the experience, reputation, and ability of the lawyer or lawyers performing the services and the fact that the fee is contingent upon a successful recovery.

This litigation is intended to address a significant problem in the community. The litigation focuses on the manufacturers and wholesale distributors and their role in the diversion of millions of prescription opiates into the illicit market which has resulted in opioid addiction, abuse, morbidity and mortality. There is no easy solution and no precedent for such an action against this sector of the industry. Many of the facts of the case are locked behind closed doors. The billion dollar industry denies liability. The litigation will be very expensive and the litigation expenses will be advanced by the Attorneys with reimbursement contingent upon a successful recovery. The outcome is uncertain, like all civil litigation, with compensation contingent upon a successful recovery. Consequently, there must be a clear understanding between the CLIENT and the

Attorneys regarding the definition of a “successful recovery.”

The Attorneys intend to present a damage model designed to abate the public health and safety crisis. This damage model may take the form of money damages or equitable remedies (e.g., abatement fund). The purpose of the lawsuit is to seek reimbursement of the costs incurred in the past fighting the opioid epidemic and/or to recover the funds necessary to abate the health and safety crisis caused by the unlawful conduct of the manufacturers and wholesale distributors. The CLIENT agrees to compensate the Attorneys, contingent upon prevailing, by paying 25% of any settlement/resolution/judgment, in favor of the CLIENT, whether it takes the form of monetary damages or equitable relief. For instance, if the remedy is in the form of monetary damages, CLIENT agrees to pay 25% of the gross amount to Attorneys as compensation and then reimburse the reasonable litigation expenses. If the remedy is in the form of equitable relief (e.g., abatement fund), CLIENT agrees to pay 25% of the gross value of the equitable relief to the Attorneys as compensation and then reimburse the reasonable litigation expenses. To be clear, Attorneys shall not be paid nor receive reimbursement from public funds. However, any judgment arising from successful prosecution of the case, or any consideration arising from a settlement of the matter, whether monetary or equitable, shall not be considered public funds for purposes of calculating the contingent fee. Under no circumstances shall the CLIENT be obligated to pay any Attorneys fee or any litigation expenses except from moneys expended by defendant(s) pursuant to the resolution of the CLIENT's claims. If the defendant(s) expend their own resources to abate the public health and safety crisis in exchange for a release of liability, then the Attorneys will be paid the designated contingent fee from the resources expended by the defendant(s). CLIENT acknowledges this is a necessary condition required by the Attorneys to dedicate their time and invest their resources on a contingent basis to this enormous project. If the defendant(s) negotiate a release of liability, then the Attorneys should be compensated based upon the consideration offered to induce the dismissal of the lawsuit.

The division of fees, expenses and labor between the Attorneys will be decided by private agreement between the law firms and subject to approval by the CLIENT. Any division of fees will be governed by the North Carolina Rules of Professional Conduct including: (1) the division of fees is in proportion to the services performed by each lawyer or each lawyer assumes joint responsibility for the representation and agrees to be available for consultation with the CLIENT; (2) the CLIENT agrees to the arrangement, including the share each lawyer will receive, and the agreement is confirmed in this writing; and (3) the total fee is *reasonable*.

LEAD COUNSEL shall appoint a contact person to keep the CLIENT reasonably informed about the status of the matter in a manner deemed appropriate by the CLIENT. The CLIENT at all times shall retain the authority to decide the disposition of the case and maintain absolute control of the litigation.

Upon conclusion of this matter, LEAD COUNSEL shall provide the CLIENT with a written statement stating the outcome of the matter and, if there is a recovery, showing the remittance to the client and the method of its determination. The closing statement shall specify the manner in which the compensation was determined under the agreement, any costs and expenses deducted by the lawyer from the judgment or settlement involved, and, if applicable, the actual division of the lawyers' fees with a lawyer not in the same firm, as required in Rule 1.05 (e)(3) of the North Carolina Rules of Professional Conduct. The closing statement shall be signed by the CLIENT and each attorney among whom the fee is being divided.

Nothing in this Agreement and nothing in the Attorneys' statement to the CLIENT may be construed as a promise or guarantee about the outcome of this matter. The Attorneys make no such promises or guarantees. Attorneys' comments about the outcome of this matter are expressions of opinion only and the Attorneys make no guarantee as to the outcome of any litigation, settlement or trial proceedings.

SIGNED, this _____ day of _____, 2018.

Cumberland County Board of Commissioners

Larry L. Lancaster, Chairman

Jeannette M. Council, Vice-Chair

Michael C. Boose

Charles Evans

W. Marshall Faircloth

Jimmy Keefe

Glenn B. Adams

Accepted:

MCHUGH FULLER LAW GROUP, PLLC
97 Elias Whiddon Rd
Hattiesburg, MS 39402
(601) 261-2220



By _____
Michael J. Fuller, Jr., Esq.
Lead Counsel

Date

RESOLUTION OF THE BOARD OF COMMISSIONERS OF
CUMBERLAND COUNTY, NORTH CAROLINA

Date: _____

RESOLUTION NO. _____ (2018)

WHEREAS, Cumberland County Board of Commissioners has the authority to adopt resolutions with respect to county affairs of Cumberland County, North Carolina;

WHEREAS, the Cumberland County Board of Commissioners has the authority to take action to protect the public health, safety, and welfare of the residents and citizens of Cumberland County;

WHEREAS, there exists a serious public health and safety crisis involving opioid abuse, addiction, morbidity, and mortality in Cumberland County;

WHEREAS, the opioid crisis unreasonably interferes with rights common to the general public of Cumberland County; involves a significant interference with the public health, safety, peace, comfort, and convenience of citizens and residents of Cumberland County; which upon information and belief includes the delivery of controlled substances in violation of State and Federal law and regulations; and therefore constitutes a public nuisance;

WHEREAS, the opioid crisis is having an extended and far reaching impact of the general public, health, and safety, of residents and citizens of Cumberland County and must be abated;

WHEREAS, the violation of any laws of the State of North Carolina, or of the United States of America controlling the distribution of a controlled substance is inimical, harmful, and adverse to the public welfare of the residents and citizens of Cumberland County constitutes a public nuisance;

WHEREAS, the Cumberland County Board of Commissioners has the authority to abate, or cause to be abated, any public nuisance including those acts that unreasonably interfere with rights common to the general public of Cumberland County and/or involve a significant interference with the public health, safety, peace, comfort, and convenience of citizens and residents of Cumberland County;

WHEREAS, Cumberland County has expended, is expending, and upon information and belief, will continue to expend in the future County funds to respond to the serious public health and safety crisis involving opioid abuse, addiction, morbidity, and mortality within Cumberland County; and

WHEREAS, the Cumberland County Board of Commissioners have received information as shown in attached Exhibit "A" that indicates that the manufacturers and wholesale distributors of controlled substances have distributed in areas surrounding Cumberland County, North Carolina, may have violated Federal and/or State laws and regulations that were enacted to prevent the diversion of legally produced controlled substances into the illicit market.

NOW, THEREFORE, BE IT RESOLVED by the Cumberland County Board of Commissioners, assembled on this day at which a quorum is present, that based upon the above the Cumberland County Board of Commissioners are declaring the opioid crisis a public nuisance which must be abated for the benefit of Cumberland County and its residents and citizens.

The motion to approve the foregoing resolution was made by Commissioner _____,
seconded by Commissioner _____, and the following vote was recorded:

Larry Lancaster, Chairman _____

Dr. Jeanette M. Council, Vice-Chair _____

Glenn Adams, Commissioner _____

Michael Boose, Commissioner _____

Charles Evans, Commissioner _____

W. Marshall Faircloth, Commissioner _____

Jimmy Keefe, Commissioner _____


Opioid Prescribing Rates (prescriptions per 100 residents) By County, CDC: N.C. Residents, 2006-2016

County	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Rate										
Alamance	87.3	90.5	90.7	91.7	95.9	98.7	104.4	98.1	96	87.6	82.9
Alexander	19.1	23.6	35.9	35.7	25.2	21.8	28.4	28.9	33.6	29	25.4
Alleghany	81.8	94.5	94.4	93.8	107.1	103.1	101.2	107.9	103.2	101.2	85.3
Anson	64.6	67.4	69.1	68.5	58.9	59.5	86.7	93.3	91.3	86.9	77.1
Ashe	89.1	102.7	105.1	103.7	100.6	93.6	105.5	107.5	110.3	106	103.3
Avery	118.1	121.3	120.9	132.1	119.3	115.8	109.9	102.8	95.1	89.4	82.9
Beaufort	109.2	122.4	132.4	135.5	142.7	146.5	156.1	152.3	141.3	143.4	141
Bertie	50.5	56.8	64.2	62.8	68.9	70.4	63	59.8	65	64.8	51.6
Bladen	104.9	102.3	100	90	93.6	90.8	107.7	108.5	114.8	118.3	114.3
Brunswick	116.7	116.9	119.8	123.3	121.7	119.1	125.9	124.8	123.7	116.8	110.7
Buncombe	109.3	115.2	106.6	104.1	105.3	105.7	105.3	99	95.6	88.5	80.8
Burke	123.6	138.5	139.8	134.2	146.5	153.1	175.2	167	159.3	154.9	151.5
Cabarrus	104	108.7	111	108.8	114.1	115.7	116.6	113.3	110.3	101.4	95.2
Caldwell	118.1	118	113.7	116.9	141.4	141.5	154.5	151	148.9	140.7	135.6
Camden	-	-	-	-	-	-	-	-	-	-	-
Carteret	110.9	112	113.2	114.3	122.7	114.3	118.2	122.8	119.1	114.1	101.2
Caswell	-	-	-	-	-	-	5.8	8.3	15.2	14.1	12.6
Catawba	124.9	125.5	127.8	131.7	134.7	139.2	152.8	149.2	142.6	133.5	129.2
Chatham	37.8	38.7	40.9	44.3	47.6	48.4	50.4	50.8	47.9	43.7	43.4
Cherokee	124.9	115.5	116.3	128.3	143.6	143.7	151.7	140.5	125.8	111.3	125
Chowan	80.3	87.9	86.3	84.2	89.2	103.6	114.8	114.6	113.1	108.6	111.5
Clay	78.1	79	111.4	108.4	113.9	116.7	122.2	115.4	133.9	139.8	120.2
Cleveland	130.8	139.7	137.3	144.3	154.3	154.3	159.2	156.3	148.5	139	128



Opioid Prescribing Rates (prescriptions per 100 residents) By County, CDC: N.C. Residents, 2006-2016

County	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Rate										
Columbus	166.9	176.5	178.4	175.9	173.6	174.5	191.8	205	198	189.1	177.8
Craven	118.6	123.2	126.7	128	160.9	160.8	178.8	161	129	128.6	110.8
Cumberland	73.3	75.3	80	84.2	91.5	94.2	103.1	100.7	96.5	96.6	86
Currituck	23.9	21	21.7	22.3	24.3	22.8	21.2	20.8	21.3	19.8	19
Dare	120.9	120.1	126.6	130.9	134.1	138.5	142.5	138.7	132.3	118.3	107.6
Davidson	84.5	86.1	87.9	91.4	94.8	93.1	96.5	91.8	84.5	78.1	80.4
Davie	95.6	92.7	98.2	99.9	102.6	100.4	114.2	119	120.9	112.5	95.5
Duplin	62.2	73	75.4	74.1	78.7	80.3	92.6	96.1	90.9	80.3	78.1
Durham	70.2	75.8	76.3	70.6	69.4	65.8	63.6	60.5	57.8	54.4	49.1
Edgecombe	50.3	50.2	46.8	47.6	47.8	47.4	55.7	57	55.5	54.7	78.2
Forsyth	80.4	83.8	86.7	87.9	91.6	94	101.3	98	92.6	83.9	76
Franklin	46.9	46.5	43.2	49.2	54	55.2	64.1	67.4	67.5	62.9	56.6
Gaston	132.2	141.1	146.6	141.7	143.8	141.8	148.7	144.6	138.1	126.6	119
Gates	-	-	-	-	-	-	-	-	3	3	2.3
Graham	132.5	128.6	129.3	119	116.5	109.6	124.5	110.3	111.2	114.8	101.8
Granville	46.8	53.3	56.5	65.8	79.8	77.3	81.1	84.1	87.6	85.9	79.7
Greene	49.4	49.7	49.3	50.2	27.7	33.3	36.2	42.2	34	34.6	28.2
Guilford	90.3	92.6	90	86.7	90.1	88.2	94.2	90.2	88.9	84	74.5
Halifax	109.7	117.1	121.1	122.1	121.9	124.4	131.6	136.1	128	123	116
Harnett	71.1	80.2	78.3	76	72.8	72.1	84.5	91.5	93.7	86.5	79.8
Haywood	113.2	117.3	114	113.4	103.2	100.2	123.8	115.1	111.6	105.2	102.7
Henderson	97.3	90.8	101.8	98.9	102.7	101.8	107	97.8	94	89.7	84.2
Hertford	116.2	130.9	124.1	120.3	118.2	115.9	131.6	133.9	139.6	132.9	136.4
Hoke	29	34.8	39.5	30.3	30.7	35.2	49	51.8	66.5	60.2	61.2
Hyde	-	-	-	-	-	-	-	-	52.7	68.5	64.1



Opioid Prescribing Rates (prescriptions per 100 residents) By County, CDC: N.C. Residents, 2006-2016

County	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Rate										
Iredell	125.2	105.9	105.1	106.6	113.2	112.4	122.1	119	116.4	108.8	102
Jackson	55.8	59.6	61.2	55.5	80.6	97.1	102	103.6	109.9	101.4	91.7
Johnston	73.2	76.6	75.7	73.7	72.8	72	77.3	75	74.8	73.6	70.2
Jones	22.6	46.7	51.2	48.7	-	-	-	-	5.3	5.4	24.2
Lee	126.5	120.2	136.1	134.9	160.6	168	159	144.9	130.6	119.9	129.6
Lenoir	69.8	76.7	78.8	84.6	97.5	97.5	107.6	109.2	91.8	82.7	88.2
Lincoln	97.6	95.4	96.1	98.9	110.4	114.9	134	132.5	130.6	123.5	115.7
McDowell	82.2	88.6	96.8	94.8	88.2	91.4	93.3	95.2	97.6	92.7	87.4
Macon	115.9	118.4	111.6	112.6	112	110.3	120.6	115.6	107.1	93.8	91.1
Madison	68.6	69.7	73.7	73.8	81.3	79.6	74.3	70.8	63.3	60.9	58.8
Martin	67.7	63.5	57.6	72.6	70.3	73.8	92.5	96.3	93.5	82.3	102.1
Mecklenburg	64	62.4	63.4	64.3	66.6	65.9	68.7	65.7	63.7	59.7	54.4
Mitchell	136.7	128.5	120.1	110	118.4	123.7	149	142.7	167	164.1	150.3
Montgomery	84.8	76.7	73.9	74.1	63.3	63.1	79.4	77.7	74.9	70.9	65.3
Moore	88.8	103.9	113.4	114.7	113	118.3	122.5	129.3	135.7	134.3	127.3
Nash	94	102.7	109.2	111.4	112.7	114.9	112.9	111.1	114.9	107.8	92.3
New Hanover	106.9	110.1	109.7	114.9	122	119	120.7	118.9	119.1	114.4	102.7
Northampton	5	-	-	-	-	-	-	-	1.6	1.4	15.6
Onslow	62	66.9	71.4	79.1	84.2	91.6	94.1	95.2	86.1	80.4	76.9
Orange	45.6	44.9	43.6	43.3	44.5	46.2	47.3	47.5	46.8	43.9	42.1
Pamlico	58.6	58.1	60.3	60.2	77.5	66.1	67.4	70.4	74	79.8	86.9
Pasquotank	94.9	103.3	105.4	120.5	127.8	134	146.5	149.3	141.5	136.6	130.8
Pender	45.9	52.6	53.8	52.6	57.5	54.5	48.4	45.5	46.1	46.3	50.6
Perquimans	47.3	50.6	49.8	44.7	41.7	42.7	45.5	44.2	40.2	37.8	36.1
Person	90	95.5	93.8	94.3	95	94.3	110.6	113.7	112.2	109.8	104.6



Opioid Prescribing Rates (prescriptions per 100 residents) By County, CDC: N.C. Residents, 2006-2016

County	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Rate										
Pitt	78	82.5	84.5	87.7	95.6	98.7	99.4	99.4	94	89.4	82.9
Polk	67.5	66.4	69.2	74	82.7	64.2	56.6	65.4	68.9	72.6	64.7
Randolph	67.7	72.3	73.6	78.4	82	85.3	83.9	81.9	79.8	76.1	71.5
Richmond	152.4	137.3	137.3	144.8	156.5	159	170.2	170.2	160.3	134.9	151.6
Robeson	107.1	104	105.3	106.9	114.9	118.9	132	132.4	141.1	140.1	129.7
Rockingham	143.9	153.1	147.1	143.3	149	150.7	166.3	162.9	148.4	131.8	131.9
Rowan	84.6	86.1	90.5	92.4	96.8	97.6	103.4	100.3	96.4	90.3	80.8
Rutherford	90.7	79.6	68.3	71.1	63.3	78.4	106.5	106.1	106.4	103.1	97.3
Sampson	84.1	83.7	87.7	85	89.9	89.4	93.6	93.4	95.4	92.8	87.2
Scotland	103.5	143.9	141	140.5	156.7	157	175	196.8	225.1	216.7	191.5
Stanly	107.3	102.9	107.2	116.2	128.7	126.1	140.3	142.6	139.1	128.3	111.1
Stokes	76.5	82.8	87.2	87.6	86.9	88.7	96.9	92.8	91.2	85.4	86.1
Surry	151.1	153.1	161.6	169	185.5	183.3	187	195.3	191.5	181.6	164
Swain	67.4	71.1	89.2	98.7	98.2	98.2	83	98	104.8	97.2	88.5
Transylvania	103.3	99.5	96	101.3	109.5	117.7	119.5	114.7	115.8	106.2	98.9
Tyrrell	89	85.6	75.1	91.8	0	-	-	-	74.3	94.8	88.8
Union	66.5	68.3	68.7	71	73.5	74.6	77.3	78.1	76.6	73.2	67.9
Vance	132	137.9	142	152	148.5	146	148.2	154	146.4	133.9	120.9
Wake	61.2	63.2	64.6	64.7	66.8	67.2	65.1	64	61.3	58.6	54.5
Warren	40.1	34.5	32	32.7	32.8	29.2	29.9	30.3	31.6	33.9	32.3
Washington	61.7	71.9	71.1	67.9	76.4	75	74.4	91.1	103.2	98.7	87.1
Watauga	80.1	95.7	94.5	95.2	93	89	92.1	95	92.1	85.5	76.8
Wayne	67.3	68.8	69.3	67.8	73.1	76.2	88.6	88.6	88.8	80.2	78.6



Opioid Prescribing Rates (prescriptions per 100 residents) By County, CDC: N.C. Residents, 2006-2016

County	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Rate										
Wilkes	119.6	112.4	109	109.4	110.4	109.9	108.4	105.4	100.2	97.4	91.4
Wilson	87.8	98.4	96.6	96.1	105.5	102.8	108.5	108.6	105.7	98.6	90.7
Yadkin	72.5	76.7	75.2	83.5	88.5	90.7	90.8	84.9	74.4	64.6	69.3
Yancey	110	115.7	128.9	134.9	112.1	96.2	95.3	121.1	111.6	109.4	98.7
STATE	85.2	87.5	88.6	89.3	93.1	93.5	98.6	96.7	93.7	88.4	82.5

These data are the rate of retail opioid prescriptions dispensed per 100 persons; from the CDC U.S. Prescribing Rates:

<https://www.cdc.gov/drugoverdose/maps/rxrate-maps.html>

Notes: Data is from the CDC US Prescribing Rate Maps and is subject to change. Prescribing data source: QuintilesIMS Transactional Data Warehouse (TDW) 2006–2016. QuintilesIMS TDW is based on a sample of approximately 59,000 retail (non-hospital) pharmacies, which dispense nearly 88% of all retail prescriptions in the U.S. For this database, a prescription is an initial or refill prescription dispensed at a retail pharmacy in the sample, and paid for by commercial insurance, Medicaid, Medicare, or cash or its equivalent. Does not include mail order pharmacy data.

RESOLUTION NO. _____

TO THE HONORABLE BOARD OF COMMISSIONERS OF CUMBERLAND COUNTY

WHEREAS, Cumberland County (“County”) is concerned with the recent rapid rise in troubles among County citizens, residents, and visitors in relation to problems arising out of the use, abuse and overuse of opioid medications, which according to certain studies, impacts millions of people across the country; and

WHEREAS, issues and concerns surrounding opioid use, abuse and overuse by citizens, residents and visitors are not unique to County and are, in fact, issues and concerns shared by all other counties in North Carolina and, for that matter, states and counties across the country, as has been well documented through various reports and publications, and is commonly referred to as the Opioid Epidemic (“Opioid Epidemic:); and

WHEREAS, the societal costs associated with the Opioid Epidemic are staggering and, according to the Centers for Disease Control and Prevention, amount to over \$75 billion annually; and

WHEREAS, the National Institute for Health has identified the manufacturers of certain of the opioid medications as being directly responsible for the rapid rise of the Opioid Epidemic by virtue of their aggressive and, according to some, unlawful and unethical marketing practices; and

WHEREAS, certain of the opioid manufacturers have faced civil and criminal liability for their actions that relate directly to the rise of the Opioid Epidemic; and

WHEREAS, County is informed and believes that the Opioid Epidemic has substantially impacted the need for and use of programs administered by the County’s Department of Social Services for children whose parent or parents are addicted to opioids; for the treatment and medical care of opioid-addicted detainees held in the County’s Detention Center; for the response of law enforcement and emergency medical personnel to persons in a medical crisis resulting from the use of opioids; for the health care services and medications provided by the County’s Department of Public Health to persons suffering from addiction to opioids or seeking treatment; for the mental health and substance abuse services for opioid-addicted persons funded by the County through its Managed Care Organization; and for a myriad of other programs and services such as housing, job training and pre-trial release programs for persons whose lives have been reduced to crisis circumstances because of addiction to opioids; and

WHEREAS, County is responsible for a multitude of programs and services, all of which require County to expend resources generated through state and federal aid, property tax levy, fees and other permissible revenue sources; and

WHEREAS, the need for County to provide these programs and services shall continue for years to address the long-term impacts of the Opioid Epidemic, particularly for growing numbers of children who have lost their parents, grandparents and other family members to the ravages of this Epidemic; and

WHEREAS, all sums that County expends in addressing, combatting and otherwise dealing with the Opioid Epidemic are sums that cannot be used for other critical programs and services that County provides to County citizens, residents and visitors; and

WHEREAS, County has been informed that numerous counties and states across the country have filed or intend to file lawsuits against certain of the opioid manufacturers in an effort to force the persons and entities responsible for the Opioid Epidemic to assume financial responsibility for the costs associated with addressing, combatting and otherwise dealing with the Opioid Epidemic; and

WHEREAS, County has engaged in discussions with representatives of the law firms of Crueger Dickinson LLC, Simmons Hanly Conroy LLC, and von Briesen & Roper, s.c., (the “Law Firms”) related to the potential for County to pursue certain legal claims against certain opioid manufacturers; and

WHEREAS, County has been informed that the Law Firms have the requisite skill, experience and wherewithal to prosecute legal claims against certain of the opioid manufacturers on behalf of public entities seeking to hold them responsible for the Opioid Epidemic; and

WHEREAS, the Law Firms have proposed that County engage the Law Firms to prosecute the aforementioned claims on a contingent fee basis whereby the Law Firms would not be compensated unless County receives a financial benefit as a result of the proposed claims and the Law Firms would advance all claim-related costs and expenses associated with the claims; and

WHEREAS, all of the costs and expenses associated with the claims against certain of the opioid manufacturers would be borne by the Law Firms; and

WHEREAS, the Law Firms have prepared an engagement letter, which is submitted as part of this Resolution (“Engagement Letter”) specifying the terms and conditions under which the Law Firms would provide legal services to County and otherwise consistent with the terms of this Resolution; and

WHEREAS, County is informed that the North Carolina Counties Association has engaged in extensive discussions with the Law Firms and has expressed a desire to assist the Law Firms, County and other counties in the prosecution of claims against certain of the opioid manufacturers; and

WHEREAS, County would participate in the prosecution of the claim(s) contemplated in this Resolution and the Engagement Letter by providing information and materials to the Law Firms and, as appropriate, the North Carolina Counties Association as needed; and

WHEREAS, County believes it to be in the best interest of County, its citizens, residents, visitors and taxpayers to join with other counties in and outside North Carolina in pursuit of claims against certain of the opioid manufacturers, all upon the terms and conditions set forth in the Engagement Letter; and

WHEREAS, by pursuing the claims against certain of the opioid manufacturers, County is attempting to hold those persons and entities that had a significant role in the creation of the Opioid Epidemic responsible for the financial costs assumed by County and other public agencies across the country in dealing with the Opioid Epidemic.

NOW, THEREFORE, BE IT RESOLVED:

County authorizes, and agrees to be bound by, the Engagement Letter and hereby directs the appropriate officer of the County to execute the Engagement Letter on behalf of the County; and

BE IT FURTHER RESOLVED:

County shall endeavor to faithfully perform all actions required of County in relation to the claims contemplated herein and in the Engagement Letter and hereby directs all County personnel to cooperate with and assist the Law Firms in relation thereto.

The County Clerk shall forward a scanned copy of this Resolution, together with the signed Engagement Letter, to the Law Firms at Krista Baisch, Crueger Dickinson LLC, 4532 N. Oakland Ave., Whitefish Bay, WI 53211 via email to kkb@cruegerdickinson.com.

Respectfully submitted this _____ day of February 2018.

March 26, 2018

VIA EMAIL

Cumberland County

RE: *Engagement of Simmons Hanly Conroy LLC, Crueger Dickinson LLC, von Briesen & Roper, s.c., and Williford, Hollers, Crenshaw, Boliek & Frangakis, LLP as Counsel in Relation to Claims Against Opioid Manufacturers and Opioid Distributors*

Dear Cumberland County:

The purpose of this letter (“Engagement Letter”) is to set out in writing the terms and conditions upon which the law firms of Simmons Hanly Conroy LLC, Crueger Dickinson LLC, von Briesen & Roper, s.c., and Williford, Hollers, Crenshaw, Boliek & Frangakis, LLP (collectively “Counsel”) will provide legal services to Cumberland County (“County”) in relation to the investigation and prosecution of certain claims against the following manufacturers and other parties involved with the manufacture of opioid medications: Purdue Pharma L.P., Purdue Pharma Inc., The Purdue Frederick Company, Inc., Teva Pharmaceuticals USA, Inc., Cephalon, Inc., Johnson & Johnson, Janssen Pharmaceuticals, Inc., OrthoMcNeil-Janssen Pharmaceuticals, Inc. n/k/a Janssen Pharmaceuticals, Inc., Janssen Pharmaceutica, Inc. n/k/a Janssen Pharmaceuticals, Inc.; Endo Health Solutions Inc., Endo Pharmaceuticals, Inc. (collectively “Opioid Manufacturers”) as well as the investigation and prosecution of certain claims against the following distributors involved with the distribution of opioid medications: McKesson Corporation, Cardinal Health, Inc., and AmerisourceBergen Drug Corporation (collectively “Opioid Distributors”). Depending upon the results of initial investigations of the facts and circumstances surrounding the potential claim(s), there may be additional parties sought to be made responsible and/or certain of the aforementioned parties may be removed from the potential claim.

This Engagement Letter shall apply solely and exclusively to the services set forth herein in relation to the investigation and Lawsuit, as defined below. This Engagement Letter does not govern, nor does it apply to, any services of either Counsel unrelated thereto.

SCOPE OF SERVICES

Counsel will work with County in the collection of information necessary to form a good faith basis for filing a claim against the Opioid Manufacturers and Opioid Distributors. County hereby authorizes Counsel to file a lawsuit against one or all of the Opioid Manufacturers (“Lawsuit”) and Opioid Distributors upon the terms and conditions set forth herein.

RESPONSIBILITIES

Counsel will prosecute the Lawsuit with diligence and keep County reasonably informed of progress and developments, and respond to County’s inquiries. County understands and agrees that all fees paid to Counsel shall be as set forth in this Engagement Letter. County agrees to cooperate with Counsel in the gathering of information necessary to investigate and prosecute the Lawsuit. County further understands and agrees that the law firm of von Briesen & Roper, s.c., shall not be identified on any pleading as counsel of record for County in relation to the Lawsuit, but shall be available to assist County and Counsel in relation to the Lawsuit.

The following additional terms apply to the relationship between County and Counsel:

- A. Counsel shall remain sufficiently aware of the performance of one another and the performance to ascertain if each firm's handling of the Lawsuit conforms to the Rules of Professional Conduct. Counsel shall be available to County regarding any concerns on the part of County relating to the performance of Counsel. Counsel shall at all times remain ethically and financially responsible to the County for the services of Counsel set forth herein.
- B. As set forth below, County's responsibility for attorney fees and expenses is contingent upon the successful outcome of the Lawsuit, as further defined below. Counsel have agreed in writing as to the appropriate split of attorney fees and expenses. Specifically, in the event of a Recovery (as defined below), the attorney fees will be split between the law firms as follows:

<u>Firm Name</u>	<u>Percentage of Fees if Successful</u>
Williford, Hollers, Crenshaw, Boliek & Frangakis, LLP	5%
von Briesen & Roper, s.c.	10%
Crueger Dickinson LLC	42.5%
Simmons Hanly Conroy LLC	42.5%

The split of attorneys' fees between Counsel may be subject to change. In the event of such an amendment, the County will be notified in writing of that amendment.

- C. Counsel and County understand and agree that Counsel will all be considered attorneys for County. As such, each and all of Counsel will adhere to the Rules of Professional Responsibility governing the relationship between attorney and client.

ACTUAL AND POTENTIAL CONFLICTS OF INTEREST AND WAIVER OF CONFLICT

As County is aware, Counsel contemplate entering into the same arrangement as that set forth in this Engagement Letter with other counties and municipalities in North Carolina and elsewhere. Counsel believe that the goals and objectives of County are aligned with the goals and objectives of all other counties and municipalities with respect to the Lawsuit. Counsel do not believe that to achieve the goals of the Lawsuit, either County or another county or municipality must take a position that is adverse to the interests of the other. However, to the extent any issue may arise in this matter about which County disagrees with another county or municipality, and one of you may wish to pursue a course that benefits one but is detrimental to the interest of the other, we cannot advise County or assist County or any other county or municipality in pursuing such a course. That is to say, Counsel cannot advocate for County's individual interests at the expense of the other counties or municipalities that Counsel represent in a Lawsuit. Counsel do not believe that this poses a problem because County's interests are currently aligned with the other counties and municipalities that are or may be in the Lawsuit. Counsel are confident that their representation of County will not be limited in this matter by

representation of any other county or municipality, but County should consider these consequences of joint representation in deciding whether to waive this conflict.

In addition to the material limitation discussed above, there are other consequences for County in agreeing to joint representation. Because each county or municipality would be a client of Counsel, Counsel owe equal duties of loyalty and communication to each client. As such, Counsel must share all relevant information with all counties and municipalities who are clients in relation to the Lawsuit and Counsel cannot, at the request of one county or municipality, withhold relevant information from the other client. That is to say, Counsel cannot keep secrets about this matter among the counties and municipalities who are clients of Counsel with respect to the Lawsuit. Also, lawyers normally cannot be forced to divulge information about communications with their clients because it is protected by the attorney-client privilege. However, because County would be a joint client in the same matter with other counties and municipalities, it is likely that were there to be a future legal dispute between County and other counties or municipalities that engage Counsel about this matter, the attorney-client privilege would not apply, and each would not be able to invoke the privilege against the claims of the other.

Further, while County's position is in harmony with other counties and municipalities presently, and the conflict discussed above is waivable, facts and circumstances may change. For example, County may change its mind and wish to pursue a course that is adverse to the interests of another county or municipality and the conflict may become unwaivable. In that case, depending upon the circumstances, Counsel may have to withdraw from representing either County or another county or municipality and County would have to bear the expense, if County chooses, of hiring new lawyers who would have to get up to speed on the matter.

County is not required to agree to waive this conflict, and County may, after considering the risks involved in joint representation, decline to sign this Engagement Letter. **By signing this Engagement Letter, County is signifying its consent to waiving the conflict of interest discussed herein.**

Other than the facts and circumstances related to the joint representation of numerous counties and municipalities, Counsel are unaware of any facts or circumstances that would prohibit Counsel from providing the services set forth in this Engagement Letter. However, it is important to note that the law firm of von Briesen & Roper, s.c., is a relatively large law firm based in Wisconsin and represents many companies and individuals. It is possible that some present and future clients of von Briesen & Roper, s.c., will have business relationships and potential or actual disputes with County. von Briesen & Roper, s.c., will not knowingly represent clients in matters that are actually adverse to the interests of County without County's permission and informed consent. von Briesen & Roper, s.c., respectfully requests that County consent, on a case by case basis, to von Briesen & Roper, s.c.'s representation of other clients whose interests are, or maybe adverse to, the interests of County in circumstances where County has selected other counsel and where von Briesen & Roper, s.c., has requested a written conflict waiver from County after being advised of the circumstances of the potential or actual conflict and County has provided informed consent.

FEES FOR LEGAL SERVICES AND RESPONSIBILITY FOR EXPENSES

A. Calculation of Contingent Fee

There is no fee for the services provided herein unless a monetary recovery acceptable to County is obtained by Counsel in favor of County, whether by suit, settlement, or otherwise ("Recovery"). County understands and agrees that a Recovery may occur in any number of different fashions such as final judgment in the Lawsuit, settlement of the Lawsuit, or appropriation to County following a

nationwide settlement or extinguishing of claims in lawsuits and matters similar to the Lawsuit. Counsel agree to advance all costs and expenses of Counsel, and the Lawsuit associated with investigating and prosecuting the Lawsuit provided, however, that the costs and expenses associated with County cooperating with Counsel in conjunction with the Lawsuit and otherwise performing its responsibilities under this Engagement Letter are the responsibility of County. In consideration of the legal services to be rendered by Counsel, the contingent attorneys' fees for the services set forth in this Engagement Letter shall be a gross fee of 25% of the Recovery, which sum shall be divided among Counsel as set forth in the above chart.

Upon the application of the applicable fee percentage to the gross Recovery, and that dollar amount set aside as attorneys' fees to Counsel, the amount remaining shall first be reduced by the costs and disbursements that have been advanced by Counsel, and that amount shall be remitted to Counsel. By way of example only, if the gross amount of the Recovery is \$1,000,000.00, and costs and disbursements are \$100,000.00, then the fee to Counsel and shall be \$250,000, the costs amount of \$100,000 shall be deducted from the balance of \$750,000.00, and the net balance owed to County shall be \$650,000. The costs and disbursements which may be deducted from a Recovery include, but are not limited to, the following, without limitation: court fees, process server fees, transcript fees, expert witness fees and expenses, courier service fees, appellate printing fees, necessary travel expenses of attorneys to attend depositions, interview witnesses, attend meetings related to the scope of this Engagement Letter and the like, and other appropriate matter related out-of-pocket expenses. In the event that any Recovery results in a monetary payment to County that is less than the amount of the costs incurred and/or disbursements made by Counsel, County shall not be required to pay Counsel any more than the sum of the full Recovery.

The total amount of costs, disbursements, and fees will never exceed 35% of the Recovery. By way of example, if the gross amount of the Recovery is \$1,000,000.00, and costs and disbursements are \$200,000.00, then the fee to Counsel shall be capped at \$250,000, and the net balance owed to County shall be \$650,000, which is 35% of the gross Recovery.

B. Nature of Contingent Fee

No monies shall be paid to Counsel for any work performed, costs incurred or disbursements made by Counsel in the event no Recovery to County has been obtained. In the event of a loss at trial due to an adverse jury verdict or a dismissal of the Lawsuit by the court, no monies shall be paid to Counsel for any work performed, costs incurred or disbursements made by Counsel. In such an event, neither party shall have any further rights against the other.

C. Disbursement of Recovery Proceeds to County

The proceeds of any Recovery on County's behalf under the terms of this Engagement Letter shall be disbursed to County as soon as reasonably practicable after receipt by Counsel. At the time of disbursement of any proceeds from a Recovery, County will be provided with a detailed disbursement sheet reflecting the method by which attorney's fees have been calculated and the expenses of litigation that are due to Counsel from such proceeds. Counsel are authorized to retain out of any moneys that may come into their hands by reason of their representation of County the fees, costs, expenses and disbursements to which they are entitled as determined in this Engagement Letter.

TERMINATION OF REPRESENTATION

This Engagement Letter shall cover the period from the date first indicated below until the termination of the legal services rendered hereunder, unless earlier terminated as provided herein. This Engagement Letter may be terminated by County at any time, and in the event of such termination, neither party shall have any further rights against the other, except that in the event of a Recovery by County against the Opioid Manufacturers and/or the Opioid Distributors subsequent to termination, Counsel shall have a statutory lien on any such Recovery as provided by applicable law and further maintain rights in the nature of *quantum meruit* to recover fees, costs and expenses reasonably allocable to their work prior to termination. Counsel may withdraw as County's attorneys at any time for the following reasons:

- A. If Counsel determine, in their sole discretion, that County's claim lacks merit or that it is not worthwhile to pursue the Lawsuit further; or
- B. For Good Cause. For purposes of this Paragraph, Good Cause may include County's failure to honor the terms of the Engagement Letter; County's failure to follow Counsel's advice on a material matter, or any fact or circumstance that would, in the view of Counsel, impair an effective attorney-client relationship or would render continuing representation unlawful or unethical. If terminated for Good Cause, County will take all steps necessary to free Counsel of any obligation to perform further, including the execution of any documents (including forms for substitution of counsel) necessary to complete withdrawal provided, however, that Counsel shall have a statutory lien on any Recovery as provided by applicable law and further maintain rights in the nature of *quantum meruit* to recover fees, costs and expenses reasonably allocable to their work prior to termination.

SETTLEMENT

County has the authority to accept or reject any final settlement amount after receiving the advice of Counsel. County understands settlements are a "compromise" of its claim(s), and that Counsel's fee, as set forth above, applies to settlements also. For example, if a settlement is reached, and includes future or structured payments, Counsel's fee shall include its contingent portion of those future or structured payments.

NO GUARANTEE OF RECOVERY

County understands and acknowledges that dispute resolution through litigation often takes years to achieve. County understands and acknowledges that there is no guarantee or assurances of any kind regarding the likelihood of success of the Lawsuit, but that Counsel will use their skill, diligence, and experience to diligently pursue the Lawsuit.

LIMITED LIABILITY

von Briesen & Roper, s.c., and Crueger Dickinson LLC are limited liability entities under Wisconsin law. This means that if Counsel fails to perform duties in the representation of County and that failure causes County damages, the firms comprising Counsel and the shareholder(s) or principals directly involved in the representation may be responsible to County for those damages, but the firm's other shareholders or principals will not be personally responsible. Counsel's professional liability insurance exceeds the minimum amounts required by the Wisconsin Supreme Court for limited liability entities of similar size.

COMMUNICATION BY E-MAIL

Counsel primarily communicates with its clients via unencrypted internet e-mail, and this will be the way in which communications occur with County. While unencrypted e-mail is convenient and fast, there is risk of interception, not only within internal networks and the systems used by internet service providers, but elsewhere on the internet and in the systems of our clients and their internet service providers.

FILE RETENTION AND DESTRUCTION

In accordance with Counsel's records retention policy, most paper and electronic records maintained are subject to a 10-year retention period from the last matter activity date or whatever date deemed appropriate. Extended retention periods may apply to certain types of matters or pursuant to County's specific directives.

After the expiration of the applicable retention period, Counsel will destroy records without further notice to County, unless County otherwise notifies in writing.

MISCELLANEOUS

This Engagement Letter shall be governed by and construed in accordance with the laws of the State of North Carolina, without regard to conflicts of law rules. In the event of any dispute arising out of the terms of this Engagement Letter, venue for any such dispute shall be exclusively designated in the State or Federal Courts of North Carolina.

It is expressly agreed that this Engagement Letter represents the entire agreement of the parties, that all previous understandings are merged in this Engagement Letter, and that no modification of this Engagement Letter shall be valid unless written and executed by all parties.

It is expressly agreed that if any term or provision of this Engagement Letter, or the application thereof to any person or circumstance, shall be held invalid or unenforceable to any extent, the remainder of this Engagement Letter, or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby; and every other term and provision of this Engagement Letter shall be valid and shall be enforced to the fullest extent permitted by law.

The parties acknowledge that they have carefully read and fully understand all of the provisions of this Engagement Letter, and that they have the capacity to enter into this Engagement Letter. Each party and the person signing on behalf of each party, represents that the person signing this Engagement Letter has the authority to execute this document and thereby bind the party hereto on whose behalf the person is signing. Specifically, County acknowledges that it is bound by this Engagement Letter, has satisfied all conditions precedent to execution of this Engagement Letter and will execute all the necessary documents that may be required by its governing statutes and/or code.

CONCLUSION

Counsel are pleased to have this opportunity to be of service to County. If at any time during the course of representation you have any questions or comments about our services or any aspect of how we provide services, please don't hesitate to call one or all of the individuals listed below.

Very truly yours,

CRUEGER DICKINSON LLC



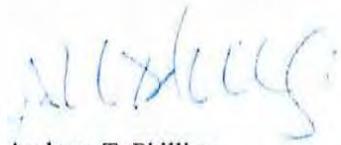
Erin K. Dickinson

SIMMONS HANLY CONROY LLC



Paul J. Hanly

von BRIESEN & ROPER, s.c.



Andrew T. Phillips

CUMBERLAND COUNTY agrees to retain the services of Counsel all upon the terms and conditions specified above.

By:

Title:

Date:

VICKI EVANS
Finance Director



ITEM NO. 4.
ROBERT TUCKER
Accounting Supervisor

IVONNE MENDEZ
Accounting Supervisor

FINANCE OFFICE

4th Floor, Room No. 451, Courthouse • PO Box 1829 • Fayetteville, North Carolina 28302-1829

**MEMO FOR THE AGENDA OF THE MAY 3, 2018
MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE

FROM: VICKI EVANS, FINANCE DIRECTOR

THRU: AMY CANNON, COUNTY MANAGER *Amy Cannon*

DATE: APRIL 24, 2018

SUBJECT: CONSIDERATION OF THE CHERRY BEKAERT AUDIT
CONTRACT TO AUDIT ACCOUNTS FOR FISCAL YEAR 2018

Requested by: Amy Cannon, County Manager

Presenter(s): Vicki Evans, Finance Director

Estimate of Committee Time Needed: 5 Minutes

BACKGROUND

On April 18, 2016 the Board of Commissioners approved a three-year agreement for Cherry Bekaert to perform the annual audit for Cumberland County. At that time, Cherry Bekaert provided the County with several pricing options. For the audit of fiscal year 2017, Option two was utilized upon Board of Commissioners' approval on September 18, 2017. For fiscal year 2018 we are requesting approval to select Option one.

Option one includes Cherry Bekaert having responsibility for writing the full report. For 2018 the cost for report writing is \$19,000. Option one also excludes the use of the County's Internal Auditor from duties related to the financial and single audit. For 2018 the cost to exclude the Internal Auditor is \$21,500.

The report writing function of the Comprehensive Annual Financial Report (CAFR) has historically been completed by Cherry Bekaert. Although report writing functionality exists in the current financial system, the Finance Office is not adequately staffed to implement this function. As was the case for the fiscal year 2017 audit, if Cherry Bekaert does not write the report, the County will be at risk of issuing an untimely CAFR.

Having an Internal Auditor work with Cherry Bekaert on financial and single audit requirements

was introduced with the fiscal year 2014 audit contract. Initially the savings to the County was \$20,000 annually. Since that time, additional stipulations and costs became required of the Internal Auditors for continuation of this practice. The cost to the County to continue this practice has exceeded the benefit of the dollar savings. In addition to the tangible cost, opportunity cost should also be considered. Internal audit staff time could alternatively be spent conducting additional audits on departments and would allow more time to work in conjunction with the Business Intelligence function of the Information Services Department.

All options and the related costs are shown in the table below:

Audit of Fiscal Year ending:	Option 1 Report writing Financial & single audit	Option 2 Report writing Financial & single audit Less: Use of Internal Auditor	Option 3 Report writing Financial & single audit Less: Use of Internal Auditor Less: All report writing performed by County	ALL Fee Reduction for 2016 contract extension
June 30, 2017	\$ 116,625	\$ 85,625	\$ 80,625	\$ (4,000)
June 30, 2018	\$ 119,650	\$ 98,150	\$ 82,650	\$ (3,000)
June 30, 2019	\$ 121,750	\$ 99,750	\$ 83,750	\$ (3,000)

The net cost for the fiscal year 2018 audit contract will be \$116,650.

RECOMMENDATION/PROPOSED ACTION

Management recommends the Finance Committee approve and forward to the Board of Commissioners the following action:

Approve the Contract to Audit Accounts with Cherry Bekaert for fiscal year 2018 utilizing Option One which requires Cherry Bekaert to do the report writing, full completion of the financial and single audits, for a net cost of \$116,650.

Attachments –

- Change in external audit contract memorandum from Tammy Gillis, Internal Audit Director
- Contract to Audit Accounts

TAMMY GILLIS
Internal Audit Director



RENEE GLEATON
Internal Auditor

**CUMBERLAND
COUNTY**
NORTH CAROLINA

INTERNAL AUDIT

MEMORANDUM

TO: Vicki Evans, Finance Director
FROM: Tammy Gillis, Internal Auditor Director 
SUBJECT: Change in external audit contract
DATE: April 18, 2018

In 2014 the County's contract with Cherry Bekaert for audit services included the firm utilizing the County Internal Auditor to perform single audit requirements at DSS and other departments. In exchange, the cost of the annual audit was reduced by \$20,000.

Other requirements that were stipulated for Internal Audit were to obtain an audit certification, create an audit committee and an audit charter and to periodically undergo a peer review. All of those stipulations have been met with the exception of the peer review.

In planning for a peer review it has come to my attention that the cost to the County for Internal Audit to be used this way is not really saving the County money.

The internal auditor spends approximately four months, July – October, working on single audit. During this time few County audits can be completed. The cost to the County for the internal auditor's time for that four-month period is \$30,548.44. According to the Association of Local Government Auditors, "the audit organization should reimburse ALGA Member Services for travel, hotel, and rental car expenses for team members". The cost for the peer review will depend on where the team members are traveling from. I think it is reasonable to assume that it could cost the County \$3,000 - \$5,000.

Based on the true cost of utilizing Internal Audit to perform single audit functions, I am requesting that the County remove that requirement from the contract with the external audit firm.

If this is approved Internal Audit will be able to conduct more audits on departments and functions that are not reviewed on a regular basis. It will also free us up to work in conjunction with the Business Intelligence function of the Information Services Department. In many audit shops it is common for these two areas to work hand in hand.

I appreciate your consideration of my request. If you need more information or have questions, please let me know.

CONTRACT TO AUDIT ACCOUNTS

Of County of Cumberland, North Carolina
Primary Government Unit

Cumberland County Tourism Development Authority
Discretely Presented Component Unit (DPCU) if applicable

On this 16th day of March, 2018,

Auditor: Cherry Bekaert LLP Auditor Mailing Address: _____

P.O. Box 88037 Fayetteville, North Carolina 28304 Hereinafter referred to as The Auditor

and the Boards (Governing Board(s)) of County of Cumberland, North Carolina
(Primary Government)

and Cumberland County Tourism Development Authority: hereinafter referred to as the Governmental Unit(s), agree as follows:
(Discretely Presented Component Unit)

1. The Auditor shall audit all statements and disclosures required by accounting principles generally accepted in the United States of America (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit (s) for the period beginning July 1, 2017, and ending June 30, 2018. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with auditing standards generally accepted in the United States of America. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board). County and Multi-County Health Departments: The Office of State Auditor will require Auditors of these Governmental Units to perform agreed upon procedures (AUPs) on eligibility determination on certain programs. Both Auditor and Governmental Unit agree that Auditor shall complete and report on these AUPs on Eligibility Determination as required by Office of the State Auditor (OSA) and in accordance with the instructions and timeline provided by OSA.
3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's Auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unqualified opinion being rendered. If during the process of conducting the audit the Auditor determines that it will not be possible to render an unqualified opinion on the financial statements of the unit, the Auditor shall contact the SLGFD staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

Primary Government Unit

Cumberland County Tourism Development Authority

Discretely Presented Component Unit (DPCU) if applicable

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards, 2011* revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.
- If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment.
6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the SLGFD within four months of fiscal year end. Audit report is due on: 10/31/2018. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoices shall be sent via upload through the current portal address: <https://nctreasurerslgsfd.leapfile.net>. Subject line should read "Invoice – [Unit Name]. The PDF invoice marked 'approved' with approval date shall be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. In consideration of the satisfactory performance of the provisions of this contract, the Primary Government shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. (Note: Fees listed on Fees page.) This does not include fees for any Pre-Issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item #12).
10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall submit to the SLGFD either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to the SLGFD simultaneously with the

Governmental Unit's audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the fiscal year end.
12. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to the SLGFD. The pre-issuance review report shall accompany the audit report upon submission to the SLGFD.
13. The Auditor shall electronically submit the report of audit to the SLGFD as a text-based PDF file when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit report Reissuance form. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings, by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit without subsequent consent of the Auditor. If the SLGFD determines that corrections need to be made to the Governmental Unit's financial statements, those corrections shall be provided within three days of notification unless another deadline is agreed to by the SLGFD.

If the OSA designates certain programs to be audited as major programs, as discussed in item #2, a turnaround document and a representation letter addressed to the OSA shall be submitted to the SLGFD.

The SLGFD's process for submitting contracts, audit reports and invoices is subject to change. Auditors shall use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be amended for any reason, the change shall be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee. This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload the amended contract is <https://nctreasurerslgfd.leapfile.net>. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

Primary Government Unit

Cumberland County Tourism Development Authority

Discretely Presented Component Unit (DPCU) if applicable

16. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit shall be attached to the contract, and by reference here becomes part of the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item #23 of this contract. Engagement letters containing indemnification clauses shall not be accepted by the SLGFD.
17. Special provisions should be limited. Please list any special provisions in an attachment.
18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the parent government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.
19. The contract shall be executed, pre-audited, physically signed by all parties including Governmental Unit and the Auditor and then submitted in PDF format to the Secretary of the LGC. The current portal address to upload the contractual documents is <https://nctreasurerslgfd.lcapfile.net>. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of November 2017. These instructions are subject to change. Please check the NC Treasurer's web site at <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx> for the most recent instructions.
20. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. **The audit should not be started before the contract is approved.**
21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
22. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.
23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16 for clarification).

SIGNATURE PAGES FOLLOW FEES PAGE

Contract to Audit Accounts (cont.) County of Cumberland, North Carolina

Primary Government Unit
Cumberland County Tourism Development Authority
Discretely Presented Component Unit (DPCU) if applicable

FEES – PRIMARY GOVERNMENT

AUDIT: \$ 92,650
WRITING FINANCIAL STATEMENTS: \$ 19,000
ALL OTHER NON-ATTEST SERVICES: \$ 0

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ 87,737
** NA if there is to be no interim billing

FEES – DPCU (IF APPLICABLE)

AUDIT: \$ 5,000
WRITING FINANCIAL STATEMENTS: \$ 0
ALL OTHER NON-ATTEST SERVICES: \$ 0

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ 3,750
** NA if there is to be no interim billing

Contract to Audit Accounts (cont.)

County of Cumberland, North Carolina

Primary Government Unit

Cumberland County Tourism Development Authority

Discretely Presented Component Unit (DPCU) if applicable

Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.

Audit Firm Signature:

Cherry Bekaert LLP

Name of Audit Firm

By April Adams

Authorized Audit firm representative name; Type or print

April Adams

Signature of authorized audit firm representative

Date March 16, 2018

aadams@cbh.com

Email Address of Audit Firm

Governmental Unit Signatures:

County of Cumberland, North Carolina

Name of Primary Government

By Larry L. Lancaster, Chairman, Board of Commissioners

Mayor / Chairperson; Type or print name and title

Signature of Mayor/Chairperson of governing board

Date

By Jimmy Keefe

Chair of Audit Committee - Type or print name

**

Signature of Audit Committee Chairperson

Date

** If Governmental Unit has no audit committee, mark this section "N/A"

PRE-AUDIT CERTIFICATE: Required by G.S. 159-28 (a)

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

By Vicki Evans

Primary Government Unit Finance Officer:

Type or print name

Primary Government Finance Officer Signature

Date

(Pre-audit Certificate must be dated.)

vevans@co.cumberland.nc.us

Email Address of Finance Officer

Date Primary Government Governing Body Approved Audit Contract - G.S. 159-34(a)

Please provide us the most current email addresses available as we use this information to update our contact database

Contract to Audit Accounts (cont.) County of Cumberland, North Carolina
Primary Government Unit
Cumberland County Tourism Development Authority
Discretely Presented Component Unit (DPCU) if applicable

**** This page to only be completed by Discretely Presented Component Units If Applicable ****

Cumberland County Tourism Development Authority

Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.

DPCU Governmental Unit Signatures:

Cumberland County Tourism Development Authority
Name of Discretely Presented Component Unit

By Vivek Tandon, Chairman, TDA
DPCU Board Chairperson: Type or print name and title

Signature of Chairperson of DPCU governing board

Date _____

By _____
Chair of Audit Committee - Type or print name

Signature of Audit Committee Chairperson **

Date _____
**** If Governmental Unit has no audit committee, mark this section "N/A"**

Cumberland County Tourism Development Authority
PRE-AUDIT CERTIFICATE: Required by G.S. 159-28 (a)

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

By Vicki Evans
DPCU Finance Officer:
Type or print name

DPCU Finance Officer Signature
Date _____
(Pre-audit Certificate must be dated.)
vevans@co.cumberland.nc.us
Email Address of Finance Officer

Date DPCU Governing Body Approved Audit Contract - G.S. 159-34(a)

*****Please provide us the most current email addresses available as we use this information to update our contact database*****

Steps to Completing the Audit Contract

1. Complete the header information – If a DPCU is subject to the audit requirements found in the Local Government Budget and Fiscal Control Act and a separate report is being issued for that DPCU, a separate audit contract for the DPCU is required. If a separate report is not being issued for the DPCU – it is being included in the Primary Government's audit – the DPCU shall be named with the Primary Government on the audit contract for the Primary Government. The Board Chairperson of the DPCU shall sign the audit contract in addition to the elected leader of the Primary Government.
2. Item No. 1 – Complete the period covered by the audit
3. Item No. 6 – Fill in the audit due date. For Governmental Unit (s), the contract due date can be no later than 4 months after the end of the fiscal year, even though amended contracts may not be required until a later date.
4. Item No. 8 – If the process for invoice approval instructions changed, the Auditor should make sure he and his administrative staff are familiar with the current process. Instructions for each process can be found at the following link. <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>
5. Item No. 9 – Please note that the new fee section has been moved to page 5.
6. Item No. 16 – Has the engagement letter been attached to the contract that is being submitted to SLGFD?
 - a. Do the terms and fees specified in the engagement letter agree with the Audit contract? *“In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence.”*
 - b. Does the engagement letter contain an indemnification clause? **The audit contract shall not be approved if there is an indemnification clause – refer to LGC Memo # 986.**
7. Complete the fee section for BOTH the Primary Government and the DPCU (if applicable) on the fees page; please note:
 - The cap on interim payments is 75% of the current audit fee for services rendered if the contracted fee amount is a fixed amount. If any part of the fee is variable, interim payments are limited to 75% of the prior year's total audit fee. If the contract fee is partially variable, we shall compare the authorized interim payment on the contract to 75% of last year's actual approved total audit fee amount according to our records. There is a report of audit fees paid by each governmental unit on our web site: https://www.nctreasurer.com/slg/lfn/audit_acct/Pages/default.aspx select “audit fees”

Please call or email Lorna Hodge at 919-814-4299 lorna.hodge@nctreasurer.com if you have any questions about the fees on this list.

 - For variable fees for services, are the hourly rates or other rates clearly stated in detail? If issued separately in an addendum, has the separate page been acknowledged in writing by the Governmental Unit?

Discretely Presented Component Unit (DPCU) if applicable

- For fees for services that are a combination of fixed and variable fees, are the services to be provided for the fixed portion of the fee clearly stated? Are the hourly rates or other rates clearly stated for the variable portion of the fee? (Note: See previous bullet point regarding variable fees.)
 - If there is to be no interim billing, please indicate N/A instead of leaving the line blank.
8. Signature Area – There are now 2 Signature Pages: one for the Primary Government and one for the DPCU. Please only send the page(s) that are applicable to your Unit of Government and do not include the instructions pages. Make sure all signatures have been obtained, and properly dated. The contract shall be approved by Governing Boards pursuant to G.S. 159-34(a). If this contract includes the audit for a DPCU that is a Public Authority that falls under the Local Government Budget and Fiscal Control Act, it shall be named in this contract and the Board Chairperson of the DPCU also shall sign the contract in the area indicated. If the DPCU is filing a separate audit, a separate audit contract is required for that DPCU.
9. Please place the date the Primary Government's Governing Board and the DPCU's Governing Board (if applicable) approved the audit contract in the space provided.
- a. Please make sure that you provide email addresses for the audit firm and finance officer as these will be used to communicate official approval of the contract.
 - b. Has the pre-audit certificate for the Primary Government (and the DPCU if applicable) been signed and dated by the appropriate party?
 - c. Has the name and title of the Mayor or Chairperson of the Unit's Governing Board and the DPCU's Chairperson (if applicable) been typed or printed on the contract and has he/she signed in the correct area directly under the Auditor's signature?
10. If the Auditor is performing an audit under the yellow book or single audit rules, has year-end bookkeeping assistance been limited to those areas permitted under the revised GAO Independence Standards? Although not required, we encourage Governmental Units and Auditors to disclose the nature of these services in the contract or an engagement letter. Fees for these services should be shown in the space indicated on the fees page.
11. Has the most recently issued peer review report for the audit firm been included with the contract? This is required if the audit firm has received a new peer review report that has not yet been forwarded to us. The audit firm is only required to send the most current Peer Review report to us once – not multiple times.
12. After all the signatures have been obtained and the contract is complete, please convert the contract and all other supporting documentation to PDF. When submitting for approval send the documents as one PDF file to include the Audit contract, any applicable addendums, the engagement letter and Peer Review Report. Submit these documents using the most current submission process which can be obtained at the NC Treasurer's web site
- <https://www.nctreasurer.com/sl/Audit%20Forms%20and%20Resources/Instructions%20for%20Contract%20Submission.pdf>
13. If an audit cannot be completed by the due date, the Auditor or Governmental Unit shall file an Amended Contract form (Amended LGC-205). This form shall be signed by the Governmental Unit representative and the Auditor. The explanation for the delay in completing the audit is part of this contract amendment form and shall be provided. The parties that signed the original audit contract shall sign the amended contract form as well. If the signing representatives are unable to sign the amended contract, please include an explanation for this in the submitted amended contract form.



CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

ENGINEERING & INFRASTRUCTURE DEPARTMENT

Engineering Division · Facilities Management Division · Landscaping & Grounds Division · Public Utilities Division

**MEMO FOR THE AGENDA OF THE MAY 3, 2018
MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE

FROM: JEFFERY P. BROWN, PE, E & I DIRECTOR

THROUGH: AMY CANNON, COUNTY MANAGER *Amy Cannon*

DATE: APRIL 24, 2018

SUBJECT: CONSIDERATION OF AMENDMENTS TO THE
NORCRESS WATER & SEWER DISTRICT RATE
STRUCTURE

Requested by: COUNTY MANAGER

Presenter(s): JEFFERY P. BROWN, PE, E & I DIRECTOR

Estimate of Committee Time Needed: 10 MINUTES

BACKGROUND:

A review of the operational costs of the NORCRESS sewer system, has revealed the present rate of collections for sewer service is not meeting the costs being incurred by the system for operations and maintenance. There have been increases by the sewer service provider, chemical provider and electrical providers. At the present rate we are not generating any revenue to set aside as a capital reserve fund to pay for replacement equipment or needed repairs.

The rates were last increased in 2013, in which the increase raised the rate on residential sewer service to \$6.50 per 1,000 gallons, commercial sewer service to \$7.00 per 1,000 gallons and flat rate services to \$31.42 per month.

The NORCRESS Advisory Board, consisting of Mayors from Wade, Falcon and Godwin, suggested the following proposed rate increases and changes at its April 12th meeting:

Rate Description	Current Rate	Proposed Rate
Residential Sewer Customers	\$6.50/thousand gallons	\$7.50/thousand gallons
Commercial Sewer Customers	\$7.00/thousand gallons	\$8.00/thousand gallons
Flat Rate Sewer Customers	\$31.42 per month	\$33.42 per month
Operation & Maintenance Fee Residential	\$2.00 per month	\$3.00 per month
Operation & Maintenance Fee Commercial	\$1.00/thousand gallons	\$2.00/thousand gallons
Administration Fee	\$1.58 - \$46.70 per month, depending on meter size	\$2.00 per month, no matter the meter size
Local Town Fee	\$1.75 – 7.50 per month, depending on meter size	\$1.75 per month, no matter the meter size

The average monthly usage throughout this system is 4,500 gallons per residential user, this equates to an average increase of \$5.92 per month to the individual customer for sewer service. The effective date of the rate increase will be July 2018, after customers have been provided a 30 day notice of the new rates.

Attached are copies of spreadsheets showing the monthly costs associated with the operation of the system, as well as, revenue requirements to meet these costs.

RECOMMENDATION/PROPOSED ACTION:

The Engineering and Infrastructure Director, the NORCRESS Advisory Board and County Management recommend that the Finance Committee approve the rate structure amendments for NORCRESS and place the item on the agendas of the May 21, 2018 Board of Commissioners and the NORCRESS Water and Sewer District meetings for approval.

Attachment(s):

NORCRESS FY19 Rate Adjustment

Revenue	Current Rate	New Rate
Revenue Sewer Residential-FY17 Towns Metered - 12,745,319	\$ 82,844.58	\$ 95,589.90
Revenue Sewer Commercial-FY17 Towns Metered - 16,859,910	\$ 118,019.37	\$ 134,879.28
Flat Rate Users - \$31.42 x 6 users x 12 months	\$ 2,262.24	\$ 2,406.24
Lift Station Residential Maintenance Fee-FY17 Numbers	\$ 13,416.00	\$ 20,124.00
Lift Station Commercial Maintenance Fee-FY17 Numbers	\$ 22,761.12	\$ 45,522.24
Debt Service Fee-FY17 Numbers	\$ 82,397.33	\$ 82,397.33
Administration Fees-FY17 Numbers	\$ 13,117.70	\$ 14,904.00
Martins Meats Chemical Surcharge - FY17 Numbers	\$ 24,606.62	\$ 24,606.62
Total FY17 Revenue	\$ 359,424.96	\$ 420,429.61

Based on a residential rate of _____ per thousand gallons =	\$ 6.50	\$ 7.50
Based on a commercial rate of _____ per thousand gallons =	\$ 7.00	\$ 8.00
Based on a _____ Flat Rate User fee increase =	\$ 31.42	\$ 33.42
Based on a residential LS maintenance rate of _____ per customer =	\$ 2.00	\$ 3.00
Based on a commercial LS maintenance rate of _____ per thousand gallons	\$ 1.00	\$ 2.00
Based on a residential administration rate of _____ per customer =	\$ 1.58	\$ 2.00
FY-17 Towns Metered Usage of 29,605,229 gallons		
FY-17 PWC Metered Usage of 49,392,492 gallons		

Expenses		
522210-Supplies	\$ 500.00	\$ 500.00
533301-Contracted Services - Lexis Nexis	\$ 426.00	\$ 426.00
533406-M/R Other - PWC O&M	\$ 38,835.96	\$ 38,835.96
533410-M/R Contract - Chemicals	\$ 80,089.05	\$ 80,089.05
533520-Postage	\$ 170.42	\$ 170.42
533535-Utilities - Electric & Sewer Treatment Bills	\$ 223,398.48	\$ 223,398.48
533550-Printing	\$ 100.00	\$ 100.00
533587-License & Permits-DEQ Permit	\$ 810.00	\$ 810.00
533635-Collection Fees-Sheriff's Service Fee	\$ 30.00	\$ 30.00
533701-Court Costs-Small Claims Filing Fee	\$ 96.00	\$ 96.00
588201-Principal	\$ 22,000.00	\$ 22,000.00
588202-Interest	\$ 43,477.50	\$ 43,477.50
Total FY17 Expenses	\$ 409,433.41	\$ 409,433.41
Expected Profit (Loss)	\$ (50,008.45)	\$ 10,996.20

4,500 gallons at a rate of _____/1,000 gallons =	\$29.25	\$33.75
Debt Service, Admin. Fee, & O&M Fee =	\$13.23	\$14.65
Total Average Monthly Bill	\$42.48	\$48.40
Monthly Average Bill Difference with Rate Options:	0	\$5.92

NORCRESS Sanitary Sewer Rate Schedule

MONTHLY RATE

The monthly ~~rate wastewater bill~~ shall be the sum of the Availability Fee, Operation and Maintenance Fee, Administration Fee, Town Fee and Usage Charge, Debt Charge and the Basic Facilities Charges.

RESIDENTIAL SANITARY SEWER RATE SCHEDULE

<u>Availability Fee – All Customers</u> <small>(As referenced in the Cumberland County Water and Sewer Ordinance)</small>	\$9.65 per customer
<u>Operation and Maintenance Fee – All Customers</u>	\$3.00 per customer
<u>Administration Fee – All Customers</u>	\$2.00 per customer
<u>Town Fee – All Customers</u>	\$1.75 per customer
<u>Residential Sewer Usage Charge – Connected Customers</u> <small>(Usage Charges per 1,000 gallons = 1 MGAL)</small>	\$67.50 per MGAL
<u>Debt Charge</u>	\$9.65 per customer

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Basic Facilities Charges:

<u>Meter Size:</u>	<u>NORCRESS</u>	<u>Local-Town-Fee</u>	<u>Lift-Station Maintenance-Fee</u>
5/8"	\$1.58	\$1.75	\$2.00
3/4"	\$1.58	\$1.75	\$2.00
1"	\$2.26	\$1.75	\$2.00
1 1/4"	\$3.20	\$1.75	\$2.00
2"	\$5.78	\$1.75	\$2.00
3"	\$9.89	\$1.98	\$2.00
4"	\$15.59	\$2.83	\$2.00
6"	\$29.70	\$4.95	\$2.00
8"	\$46.70	\$7.50	\$2.00

COMMERCIAL SANITARY SEWER RATE SCHEDULE

<u>Availability Fee – All Customers</u> <small>(As referenced in the Cumberland County Water and Sewer Ordinance)</small>	\$1.00 per MGAL
<u>Operation and Maintenance Fee – All Customers</u>	\$2.00 per customer
<u>Administration Fee – All Customers</u>	\$2.00 per customer
<u>Town Fee – All Customers</u>	\$1.75 per customer

NORCRESS Sanitary Sewer Rate Schedule

Commercial Sewer Usage Charge – Connected Customers

\$78.00 per MGAL

(Usage Charges per 1,000 gallons = 1 MGAL)

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Debt Charge \$1.00 per MGAL

Basic Facilities Charges:

<u>Meter Size:</u>	<u>NORCRESS</u>	<u>Local Town Fee</u>	<u>Lift Station Maintenance Fee</u>
¾"	\$1.58	\$1.75	\$1.00 per MGAL
1"	\$2.26	\$1.75	\$1.00 per MGAL
1-½"	\$3.20	\$1.75	\$1.00 per MGAL
2"	\$5.78	\$1.75	\$1.00 per MGAL
3"	\$9.89	\$1.98	\$1.00 per MGAL
4"	\$15.59	\$2.83	\$1.00 per MGAL
6"	\$29.70	\$4.95	\$1.00 per MGAL
8"	\$46.70	\$7.50	\$1.00 per MGAL

ZERO USAGE COMMERCIAL SANITARY SEWER RATE SCHEDULE

Debt Charge Availability Fee – All Customers

\$9.65 per customer

(As referenced in the Cumberland County Water and Sewer Ordinance)

Operation and Maintenance Fee – All Customers \$3.00 per customer

Administration Fee – All Customers \$2.00 per customer

Town Fee – All Customers \$1.75 per customer

Basic Facilities Charges:

<u>Meter Size:</u>	<u>NORCRESS</u>	<u>Local Town Fee</u>	<u>Lift Station Maintenance Fee</u>
¾"	\$1.58	\$1.75	\$2.00
1"	\$2.26	\$1.75	\$2.00
1-½"	\$3.20	\$1.75	\$2.00
2"	\$5.78	\$1.75	\$2.00
3"	\$9.89	\$1.98	\$2.00
4"	\$15.59	\$2.83	\$2.00
6"	\$29.70	\$4.95	\$2.00
8"	\$46.70	\$7.50	\$2.00

FLAT RATE SANITARY SEWER SERVICE

NORCRESS Sanitary Sewer Rate Schedule

The monthly flat rate shall be the sum of the Flat Monthly Charge, Debt Charge and the Basic Facilities Charges.

Availability Fee – All Customers \$9.65 per customer
 (As referenced in the Cumberland County Water and Sewer Ordinance)

Operation and Maintenance Fee – All Customers \$3.00 per customer

Town Fee – All Customers \$1.75 per customer

Flat Monthly Charge – Connected Customers
 \$343.42

OTHER FEES

Deposit	\$100.00
Late Penalty	\$10.00
Disconnect Fee (Administrative charge to discontinue service for non-payment)	\$25.00
Reconnect Fee- Business hours (Administrative charge to re-establish service after discontinuance for non-payment)	\$25.00
After-Hours Reconnect Fee (Available until 9:00 pm)	\$75.00
*Returned <u>Check-Bank Item</u> Fee (Amount of <u>check-bank item</u> plus return fee - CASH, MONEY ORDER OR CERTIFIED CHECK ONLY)	\$25.00
Court Costs	Actual
Elder Valve	Actual plus 10%
Processing Fee per Collection Action	\$30.00
Administrative Filing Fee per Collection Action	\$100.00

CONNECTION FEES AND CHARGES

I. Standard Tap Fee:

The Standard Tap Fee will be based on the customer's water meter size and will provide NORCRESS Water and Sewer District with funds for long-term system replacement and upgrade.

<u>Size of Water Meter</u>	<u>Standard Tap Fee</u>
5/8"	\$670.00
1"	\$1,670.00
1-1/2"	\$3,350.00
2"	\$5,360.00

NORCRESS Sanitary Sewer Rate Schedule

3"	\$11,720.00
4"	\$20,100.00
6"	\$41,880.00
8"	\$60,310.00

2. Sewer Laterals:

An estimate shall be given to the applicant prior to installation and shall be paid by the applicant prior to any installation of laterals to be connected to the sewer system. All charges include labor, equipment and materials required for the installation of the specified pipe size or sizes.

3. Main Extension Charges:

An estimate shall be given to the applicant prior to installation and shall be paid by the applicant prior to extending the main in the sewer district. All charges include labor, equipment and materials required for the installation of the specified pipe size or sizes.

4. Debt Charge:

A Debt Charge equaling the sum of the Availability Charges that would have been paid had the customer connected when the main was first available.



CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

ENGINEERING & INFRASTRUCTURE DEPARTMENT

Engineering Division · Facilities Management Division · Landscaping & Grounds Division · Public Utilities Division

**MEMO FOR THE AGENDA OF THE MAY 3, 2018
MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE
FROM: JEFFERY P. BROWN, PE, E & I DIRECTOR
THROUGH: AMY CANNON, COUNTY MANAGER *Amy Cannon*
DATE: APRIL 24, 2018
SUBJECT: CONSIDERATION OF THE OVERHILLS PARK WATER & SEWER DISTRICT RATE STRUCTURE
Requested by: COUNTY MANAGER
Presenter(s): JEFFERY P. BROWN, PE, E & I DIRECTOR
Estimate of Committee Time Needed: 10 MINUTES

BACKGROUND:

Construction of the sanitary sewer system for the Overhills Park Water and Sewer District is almost complete. Currently the contractor is waiting on the arrival of three grinder pumps in order to install grinder pump systems for three (3) parcels that could not be served by gravity connections. Once the contractor completes the installation, the contractor will be working on punch list items to close out the contract.

With completion of the construction near, the Public Utilities Division needs a rate schedule approved in order to bill customers once the sewer system is ready to go online and prior to customers connecting to the system.

Attached for consideration is the Overhills Park Water and Sewer District Rate Schedule. The Sewer Rate section of the schedule is based on repayment of the USDA loans, operation, maintenance and sewer treatment charges. The Other Fees section of the schedule is the same as rates charged in other County districts. The monthly bill for an Overhills customer connected to the system will be \$54.00 per month.

The rate schedule will be effective upon Board approval.

RECOMMENDATION/PROPOSED ACTION:

The Engineering and Infrastructure Director and County Management recommend that the Finance Committee approve the rate structure for Overhills Park and place the item on the agendas of the May 21, 2018 Board of Commissioners and the Overhills Park Water and Sewer District meetings for approval.

Attachment(s):

OVERHILLS PARK WATER AND SEWER DISTRICT

SEWER RATE SCHEDULE

The monthly rate shall be the sum of the Availability Fee, Operation and Maintenance Fee, Administration Fee, and Flat Rate Sewer.

Availability Fee – All customers (As referenced in the Cumberland County Water and Sewer Ordinance)	\$17.00
Operation and Maintenance Fee – All customers	\$10.50
Administration Fee – All customers	\$ 2.00
Flat Rate Sanitary Sewer – Connected Customers (Based on 5,000 gallons or 5 mgal)	\$24.50

OTHER FEES

Deposit	\$100.00
Late Penalty	\$10.00
Processing Fee per Collection Action	\$30.00
Administrative Filing Fee per Collection Action	\$100.00
Disconnect Fee (Administrative charge to discontinue service for non-payment)	\$25.00
Reconnect Fee- Business hours (Administrative charge to re-establish service after discontinuance for non-payment)	\$25.00
After-Hours Reconnect Fee (Available until 9:00 pm)	\$75.00
Court Costs	Actual
*Returned Bank Item Fee (Amount of bank item plus return fee - CASH, MONEY ORDER OR CERTIFIED CHECK ONLY)	\$25.00

CONNECTION FEES AND CHARGES

1. Sewer Laterals:

An estimate shall be given to the applicant prior to installation and shall be paid by the applicant prior to any installation of laterals to be connected to the sewer system. All charges include labor, equipment and materials required for the installation of the specified pipe size or sizes.

2. Main Extension Charges:

An estimate shall be given to the applicant prior to installation and shall be paid by the applicant prior to extending the main in the sewer district. All charges include labor, equipment and materials required for the installation of the specified pipe size or sizes.

AMY H. CANNON
County Manager

MELISSA C. CARDINALI
Assistant County Manager



CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

ITEM NO. 6.1

DUANE T. HOLDER
Assistant County Manager

TRACY JACKSON
Assistant County Manager

SALLY S. SHUTT
Assistant County Manager

OFFICE OF THE COUNTY MANAGER

MEMO FOR THE AGENDA OF THE MAY 3, 2018 MEETING OF THE FINANCE COMMITTEE

TO: FINANCE COMMITTEE

FROM: DEE TAYLOR, COMMUNITY DEVELOPMENT INTERIM DIRECTOR

THRU: AMY CANNON, COUNTY MANAGER *Amy Cannon*

DATE: APRIL 24, 2018

SUBJECT: CONSIDERATION OF BUDGET REVISION & CONTRACT FOR SERVICES IN SUPPORT OF THE HOMELESS INITIATIVE PROGRAM

Requested by: County Manager

Presenter(s): Duane T. Holder, Assistant County Manager

Estimate of Committee Time Needed: 10 Minutes

BACKGROUND

Cumberland County and the City of Fayetteville entered into an Interlocal Agreement to address homelessness in October 2017. In the agreement, both parties agreed on joint funding for homeless initiatives and the formation of a Homeless Committee to coordinate and develop strategies to address homelessness through community-wide programs and services.

The Homeless Committee consists of the following individuals:

- Larry Lancaster, Cumberland County Commissioner Chair
- Larry Wright, Fayetteville City Council Member
- Duane Holder, Cumberland County Assistant County Manager (Co-Chair)
- Jay Reinstein, Fayetteville Assistant City Manager (Co-Chair)
- Sally Shutt, Cumberland County Assistant County Manager
- Cynthia Blot, Fayetteville Economic & Community Development Director

- Dee Taylor, Cumberland County Community Development Interim Director
- Catrina Valadez, Cumberland County Community Development Data Analyst
- Paul Taylor, Chair, Fayetteville/Cumberland County Continuum of Care on Homelessness

For FY 17-18, the County budgeted \$150,000 for the Homeless Initiative Program, which included \$100,000 in County funds and \$50,000 in City of Fayetteville funds. The City of Fayetteville has increased their contribution by an additional \$50,000 to bring their total amount to \$100,000. A budget revision is requested to recognize the additional \$50,000 contribution from the City of Fayetteville. **No additional County funds are required.**

The Homeless Committee released the Homeless Initiative Program Request for Proposals (RFP) on March 12, 2018 with an April 6, 2018 response deadline. The purpose of the program is to provide additional support in the community that will address the gaps in housing and supportive services for homeless persons and those persons at-risk of being homeless. A copy of the RFP Notice is attached for your reference.

Four (4) agencies responded to the RFP. At the April 23rd Homeless Committee Meeting, the committee voted to recommend award of the contract for services to Endeavors, Inc. (formerly Family Endeavors). Copies of the RFP Application Score Sheets for each of the respondents have been attached for your reference. The multi-year contract will total \$200,000, beginning on June 1, 2018 and ending June 30, 2020. Periodic performance reviews will occur during the contract period to determine the continuation of funding. The Homeless Committee will monitor program performance and outcomes and make recommendations to the Commissioners and City Council based on results.

RECOMMENDATION/PROPOSED ACTION:

1. Approve Budget Ordinance Amendment #B181070 to recognize an increase of \$50,000 from the City of Fayetteville for the Homeless Initiative Program. Total Program funding will increase from \$150,000 to \$200,000. **No additional County funds are required.**
2. Approve a contract between Cumberland County and Endeavors, Inc. in the amount of \$200,000 for the provision of homeless services and supports, pursuant to the terms of the Homeless Initiative Program RFP. The contract term will be June 1, 2018 to June 30, 2020.

/ct

CM04__18__



REQUEST FOR PROPOSAL (RFP) NOTICE

for

Fayetteville / Cumberland County Homeless Initiative Program

Fayetteville Economic and Community Development (FECD) Department
433 Hay Street
Fayetteville, NC 28301
Phone: (910) 433-1590

and

Cumberland County Community Development (CCCD)
707 Executive Place
Fayetteville, NC 28305
Phone: (910) 323-6112

Important Dates

Responses Due: April 6, 2018

Project Start Date: Upon Contract Execution

PURPOSE

The City of Fayetteville and Cumberland County recognizes the need for housing and supportive services for homeless persons. The purpose of the Fayetteville / Cumberland County Homeless Initiative Program is to provide additional support in the community that would address the gaps in housing and supportive services for homeless persons and those persons at-risk of being homeless.

The Fayetteville Economic and Community Development and Cumberland County Community Development Departments are soliciting proposals for a Project Sponsor to provide services for the Homeless Initiative Program funded through local governments. It is the intent of the Community Development Departments to enter into a contract with the selected project applicant that demonstrates the capacity and performance record to provide supportive services to homeless families.

FUNDING AVAILABLE

The maximum amount of local funding available for services is **\$200,000** which are targeted for households who are homeless or do not have stable housing.

ELIGIBLE APPLICANTS

Any unit of government, nonprofit, or public agency that serves the Fayetteville / Cumberland County area may submit a proposal in response to this RFP.

ELIGIBLE COSTS

Funds may be used for the following eligible activities:

1. Rental Application Fees
2. Rent (up to 6 months) / Arrears
3. Security Deposits
4. Last month's rent
5. Rent (up to 6 months)
6. Utility Deposit
7. Utility Payments/Arrears (up to 6 months)
8. Moving costs (within geographic service area)
9. Furniture / Household Goods (maximum of \$500 per household)
10. Transportation (e.g. bus passes for program participants)
11. Other Essential Services (e.g. employment assistance, job training, or mental health services)
12. Case Management (maximum of 10% of total grant funds requested)
13. Administration (maximum of 5% of total grant funds requested)

SUBMISSION REQUIREMENTS

Applicants must submit an original and one (1) copy of the complete proposal. The original must be marked "Original" on the cover page and must bear the actual "wet" signatures of the person(s) authorized to sign the proposal.

All proposal packets must be **RECEIVED** by hand delivery or mail in the CCCD office no later than **4:00 p.m., April 6, 2018**. Proposals *will not be accepted* via facsimile or email.

SELECTION PROCESS

Proposals will be **conditionally selected** by the Grant Review Committee. Applicants will be notified within thirty (30) business days of the proposal deadline if their proposal was selected or rejected by the Grant Review Committee.

Other Requirements:

1. Funds may be used only to assist households that meet the local definition of homelessness, lack other resources, and have incomes at or below 80% of the area median income.
2. Selected applicant(s) must be a member of the Fayetteville/Cumberland County Continuum of Care (CoC) on Homelessness.
3. Selected applicant(s) will be required to participate and maintain records in the Homeless Management Information System (HMIS).
4. Selected applicant(s) will be required to participate in the community-wide, coordinated intake/assessment process.
5. Funds will be provided on a reimbursement basis and supporting documentation must be approved prior to payment.

See RFP guidelines for more information on other requirements.

Project application and guidelines can be obtained via:

- Telephone request at 910-323-6112;
- E-mail request at dtaylor@co.cumberland.nc.us;
- Cumberland County's website at http://www.co.cumberland.nc.us/departments/community-development-group/community_development; and
- At the CCCD office located at 707 Executive Place, Fayetteville, NC 28305.

Proposals shall be received on or before **April 6, 2018**. Proposals received after the assigned date and time shall not be considered.

It is the sole responsibility of the proposer to ensure the proposal is received before the submission deadline. A proposer shall bear all risks associated with delays in mail, courier services, or delivery.

FCD and CCCD reserves the right to refuse award in the event that none of the applicants demonstrate adequate assurance of their ability to successfully implement and maintain the program.

**2018 HOMELESS INITIATIVE PROGRAM
PROJECT RANKING**

RANK	APPLICANT	PROJECT NAME	TOTAL REQUEST	GRANT AMOUNT APPROVED
1	Endeavors	Endeavors Homeless Prevention	\$200,000	\$200,000
2	Fayetteville Urban Ministry	Fayetteville Urban Ministry Rental Assistance Program	\$200,000	\$0
3	Veterans Empowering Veterans	Your Brother's Keeper	\$200,000	\$0
4	Little Red Hen Community Development	Lifebridge Integrated Care	\$200,000	\$0
5				
	Total			\$200,000

PRINT REVIEWER NAME	REVIEWER SIGNATURE	AGENCY	PHONE NO.
Cindy Blot		Fayetteville Economic and Community Development	910-433-1590
Adolph Thomas		Fayetteville Economic and Community Development	910-433-1590
Dee Taylor		Cumberland County Community Development	910-323-6112

**HOMELESS INITIATIVE PROGRAM
APPLICATION SCORE SHEET**

Project Name: <u>ENDEAVORS HOMELESS PREVENTION</u>	Final Score: <u>93.5</u>
Project Applicant: <u>ENDEAVORS</u>	Reviewer: <u>C. BLOT, A. THOMAS, & D. TAYLOR</u>

THRESHOLD REVIEW

ELIGIBILITY CRITERIA		
1. Eligible Applicant	<input checked="" type="checkbox"/> YES (Select One) Must be one of the following: <input type="checkbox"/> State Agency <input type="checkbox"/> Unit of Local Government <input type="checkbox"/> Special Purpose Unit of government e.g. public housing authority <input checked="" type="checkbox"/> Private nonprofit organization [501(C)(3)] <input type="checkbox"/> Community Mental Health Center that are public nonprofit organizations	<input type="checkbox"/> NO
THRESHOLD REVIEW* *Note: All requirements listed above must be "Yes" in order to "PASS" review. If project fails threshold review, project is not eligible for further consideration and cannot be scored <input checked="" type="checkbox"/> PASS <input type="checkbox"/> FAIL		
Score Description 0 = Inadequate: No evidence or information not provided 1 = Weak: Minimal evidence; limited potential; vague; weak concepts; limited likelihood of success; limited in innovative thinking; lacks sufficient information 2 = Marginal: Some evidence; partially developed concepts; some potential for effectiveness and success; some inconsistencies; needs work; some innovation present; requires additional information/clarification 3 = Good: Convincing concepts with enough examples of evidence to indicate a good chance for success; clear and complete; innovative 4 = Strong: Very convincing concepts with strong examples of evidence throughout potential; well-conceived and thoroughly developed with a high likelihood for success; very innovative 5 = Exemplary: Excellent concepts; exceptional evidence; well-thought out with an extremely high likelihood of success, exemplary, highly innovative		

PROJECT APPLICANT'S CAPACITY AND EXPERIENCE (SECTION 3)	Maximum Points 30	Score
The applicant's mission is consistent with the program's objective. [3a]	5	5
Applicant has adequate staff to effectively administer the program. [3b]	5	5
Applicant demonstrates successful experience working with the target population. [3c]	5	5
Applicant demonstrates experience to effectively utilize grant funds to administer the program. [3c]	5	5
Applicant demonstrates how it will collaborate with other agencies to prevent duplication of services. [3g]	5	5
Applicant has experience working with landlords. [4h]	5	5

PROJECT READINESS (SECTION 4)	Maximum Points 5	Score
Applicant demonstrates readiness to implement the program. [4a, b]	5	5

PROGRAM DESIGN (SECTION 4)	Maximum Points 30	Score
Applicant demonstrates a workable outreach plan to connect to the target population. [4c]	5	5
Applicant's eligibility criteria and selection process is consistent with the community needs. [4d]	5	5
Project application provides detailed description of how program participants will be assisted to access services and maximize their ability to live independently. [4e]	5	4
The project outcomes and results are clear and do include measurable indicators. The number of	5	5

**HOMELESS INITIATIVE PROGRAM
APPLICATION SCORE SHEET**

Project Name: <u>ENDEAVORS HOMELESS PREVENTION</u>	Final Score: <u>93.5</u>
Project Applicant: <u>ENDEAVORS</u>	Reviewer: <u>C. BLOT, A. THOMAS, & D. TAYLOR</u>

individuals/families served is adequate to meet unmet needs of the community. [4f,g]	5	4
Project application provides detailed description of how program participants will be assisted to obtain and remain in permanent housing. Project application demonstrates participants will have access to mainstream benefits and services. [4i]	5	5
Applicant's program operation is adequate to meet the needs of the target population. Applicant presents a fair process for handling grievances and appeals. [4j,k]	5	5

PROJECT BUDGET AND FISCAL STABILITY (SECTIONS 3 & 5)	Maximum Points	Score
Budget is accurate & complete. [5]	30	
	5	4.5
Applicant is leveraging program grant funds. [5]	5	1
Applicant provides clear and detailed justification of expenditures for each line item. [5]	5	5
Applicant has adequate financial control system and procedures. [3d]	5	5
Applicant has no unresolved findings. [3e]	5	5
Applicant demonstrates fiscal soundness and sustainability. [3f]	5	5

HMIS PARTICIPATION/AGENCY COLLABORATION (5 PTS)	Maximum Points	Score
Applicant will participate / is participating in the local Continuum of Care and will provide client level data in the Homeless Management Information System (HMIS). [2g, 7a]	5	5

OTHER	Maximum Points	Score
Project Applicant was made available (either by phone or in person) for an interview by the Reviewer(s) to provide an overview of their agency's capacity, experience, and scope of the project.		
Final Score	100	Project Score
		<u>93.5</u>

COMMENTS: Lacked strong leveraging of funds.

**HOMELESS INITIATIVE PROGRAM
APPLICATION SCORE SHEET**

Project Name: FUM RENTAL ASSISTANCE PROGRAM

Final Score: 84

Project Applicant: FAYETTEVILLE URBAN MINISTRY

Reviewer: C. BLOT, A. THOMAS, & D. TAYLOR

THRESHOLD REVIEW

ELIGIBILITY CRITERIA		
1. Eligible Applicant	<input checked="" type="checkbox"/> YES (Select One) Must be one of the following: <input type="checkbox"/> State Agency <input type="checkbox"/> Unit of Local Government <input type="checkbox"/> Special Purpose Unit of government e.g. public housing authority <input checked="" type="checkbox"/> Private nonprofit organization [501(C)(3)] <input type="checkbox"/> Community Mental Health Center that are public nonprofit organizations	<input type="checkbox"/> NO
THRESHOLD REVIEW* *Note: All requirements listed above must be "Yes" in order to "PASS" review. If project fails threshold review, project is not eligible for further consideration and cannot be scored <input checked="" type="checkbox"/> PASS <input type="checkbox"/> FAIL		
Score Description 0 = Inadequate: No evidence or information not provided 1 = Weak: Minimal evidence; limited potential; vague; weak concepts; limited likelihood of success; limited in innovative thinking; lacks sufficient information 2 = Marginal: Some evidence; partially developed concepts; some potential for effectiveness and success; some inconsistencies; needs work; some innovation present; requires additional information/clarification 3 = Good: Convincing concepts with enough examples of evidence to indicate a good chance for success; clear and complete; innovative 4 = Strong: Very convincing concepts with strong examples of evidence throughout potential; well-conceived and thoroughly developed with a high likelihood for success; very innovative 5 = Exemplary: Excellent concepts; exceptional evidence; well-thought out with an extremely high likelihood of success, exemplary, highly innovative		

PROJECT APPLICANT'S CAPACITY AND EXPERIENCE (SECTION 3)	Maximum Points 30	Score
The applicant's mission is consistent with the program's objective. [3a]	5	5
Applicant has adequate staff to effectively administer the program. [3b]	5	3
Applicant demonstrates successful experience working with the target population. [3c]	5	4
Applicant demonstrates experience to effectively utilize grant funds to administer the program. [3c]	5	4
Applicant demonstrates how it will collaborate with other agencies to prevent duplication of services. [3g]	5	3
Applicant has experience working with landlords. [4h]	5	2

PROJECT READINESS (SECTION 4)	Maximum Points 5	Score
Applicant demonstrates readiness to implement the program. [4a,b]	5	4

PROGRAM DESIGN (SECTION 4)	Maximum Points 30	Score
Applicant demonstrates a workable outreach plan to connect to the target population. [4c]	5	5
Applicant's eligibility criteria and selection process is consistent with the community needs. [4d]	5	4
Project application provides detailed description of how program participants will be assisted to access services and maximize their ability to live independently. [4e]	5	4
The project outcomes and results are clear and do include measurable indicators. The number of	5	3

**HOMELESS INITIATIVE PROGRAM
APPLICATION SCORE SHEET**

Project Name: <u>FUM RENTAL ASSISTANCE PROGRAM</u>	Final Score: <u>84</u>
Project Applicant: <u>FAYETTEVILLE URBAN MINISTRY</u>	Reviewer: <u>C. BLOT, A. THOMAS, & D. TAYLOR</u>

individuals/families served is adequate to meet unmet needs of the community. [4f,g]	5	4
Project application provides detailed description of how program participants will be assisted to obtain and remain in permanent housing. Project application demonstrates participants will have access to mainstream benefits and services. [4i]	5	4
Applicant's program operation is adequate to meet the needs of the target population. Applicant presents a fair process for handling grievances and appeals. [4j,k]	5	4

PROJECT BUDGET AND FISCAL STABILITY (SECTIONS 3 & 5)	Maximum Points 30	Score
Budget is accurate & complete. [5]	5	5
Applicant is leveraging program grant funds. [5]	5	5
Applicant provides clear and detailed justification of expenditures for each line item. [5]	5	5
Applicant has adequate financial control system and procedures. [3d]	5	5
Applicant has no unresolved findings. [3e]	5	5
Applicant demonstrates fiscal soundness and sustainability. [3f]	5	5

HMIS PARTICIPATION/AGENCY COLLABORATION (5 PTS)	Maximum Points	Score
Applicant will participate / is participating in the local Continuum of Care and will provide client level data in the Homeless Management Information System (HMIS). [2g, 7a]	5	5

OTHER	Maximum Points	Score
Project Applicant was made available (either by phone or in person) for an interview by the Reviewer(s) to provide an overview of their agency's capacity, experience, and scope of the project.		
Final Score	100	Project Score <u>84</u>

COMMENTS: Lacks strong experience working with landlords.

**HOMELESS INITIATIVE PROGRAM
APPLICATION SCORE SHEET**

Project Name: <u>YOUR BROTHER'S KEEPER</u>	Final Score: <u>67</u>
Project Applicant: <u>VETERANS EMPOWERING VETERANS</u> Reviewer: <u>C. BLOT, A. THOMAS, & D. TAYLOR</u>	

THRESHOLD REVIEW

ELIGIBILITY CRITERIA		
1. Eligible Applicant	<input checked="" type="checkbox"/> YES (Select One) Must be one of the following: <input type="checkbox"/> State Agency <input type="checkbox"/> Unit of Local Government <input type="checkbox"/> Special Purpose Unit of government e.g. public housing authority <input checked="" type="checkbox"/> Private nonprofit organization [501(C)(3)] <input type="checkbox"/> Community Mental Health Center that are public nonprofit organizations	<input type="checkbox"/> NO
THRESHOLD REVIEW* *Note: All requirements listed above must be "Yes" in order to "PASS" review. If project fails threshold review, project is not eligible for further consideration and cannot be scored		
x PASS <input type="checkbox"/> FAIL		
Score Description 0 = Inadequate: No evidence or information not provided 1 = Weak: Minimal evidence; limited potential; vague; weak concepts; limited likelihood of success; limited in innovative thinking; lacks sufficient information 2 = Marginal: Some evidence; partially developed concepts; some potential for effectiveness and success; some inconsistencies; needs work; some innovation present; requires additional information/clarification 3 = Good: Convincing concepts with enough examples of evidence to indicate a good chance for success; clear and complete; innovative 4 = Strong: Very convincing concepts with strong examples of evidence throughout potential; well-conceived and thoroughly developed with a high likelihood for success; very innovative 5 = Exemplary: Excellent concepts; exceptional evidence; well-thought out with an extremely high likelihood of success, exemplary, highly innovative		

PROJECT APPLICANT'S CAPACITY AND EXPERIENCE (SECTION 3)	Maximum Points 30	Score
The applicant's mission is consistent with the program's objective. [3a]	5	3
Applicant has adequate staff to effectively administer the program. [3b]	5	3
Applicant demonstrates successful experience working with the target population. [3c]	5	4
Applicant demonstrates experience to effectively utilize grant funds to administer the program. [3c]	5	2
Applicant demonstrates how it will collaborate with other agencies to prevent duplication of services.[3g]	5	4
Applicant has experience working with landlords.[4h]	5	3

PROJECT READINESS (SECTION 4)	Maximum Points 5	Score
Applicant demonstrates readiness to implement the program. [4a,b]	5	4

PROGRAM DESIGN (SECTION 4)	Maximum Points 30	Score
Applicant demonstrates a workable outreach plan to connect to the target population. [4c]	5	3
Applicant's eligibility criteria and selection process is consistent with the community needs. [4d]	5	4
Project application provides detailed description of how program participants will be assisted to access services and maximize their ability to live independently. [4e]	5	3
The project outcomes and results are clear and do include measurable indicators. The number of	5	3

**HOMELESS INITIATIVE PROGRAM
APPLICATION SCORE SHEET**

Project Name: <u>YOUR BROTHER'S KEEPER</u>	Final Score: <u>67</u>
Project Applicant: <u>VETERANS EMPOWERING VETERANS</u> Reviewer: <u>C. BLOT, A. THOMAS, & D. TAYLOR</u>	

individuals/families served is adequate to meet unmet needs of the community. [4f,g]		
Project application provides detailed description of how program participants will be assisted to obtain and remain in permanent housing. Project application demonstrates participants will have access to mainstream benefits and services. [4i]	5	3
Applicant's program operation is adequate to meet the needs of the target population. Applicant presents a fair process for handling grievances and appeals. [4j,k]	5	3

PROJECT BUDGET AND FISCAL STABILITY (SECTIONS 3 & 5)	Maximum Points	Score
	30	
Budget is accurate & complete. [5]	5	5
Applicant is leveraging program grant funds. [5]	5	1
Applicant provides clear and detailed justification of expenditures for each line item. [5]	5	5
Applicant has adequate financial control system and procedures. [3d]	5	2
Applicant has no unresolved findings. [3e]	5	5
Applicant demonstrates fiscal soundness and sustainability. [3f]	5	2

HMIS PARTICIPATION/AGENCY COLLABORATION (5 PTS)	Maximum Points	Score
Applicant will participate / is participating in the local Continuum of Care and will provide client level data in the Homeless Management Information System (HMIS). [2g, 7a]	5	5

OTHER	Maximum Points	Score
Project Applicant was made available (either by phone or in person) for an interview by the Reviewer(s) to provide an overview of their agency's capacity, experience, and scope of the project.		
Final Score	100	Project Score <u>67</u>

COMMENTS: Need financial analysis. Cannot leverage with rehab funds.

**HOMELESS INITIATIVE PROGRAM
APPLICATION SCORE SHEET**

Project Name: <u>LIFEBRIDGE INTEGRATED CARE</u>	Final Score: <u>30</u>
Project Applicant: <u>LITTLE RED HEN COMMUNITY DEV.</u>	Reviewer: <u>C. BLOT, A. THOMAS, & D. TAYLOR</u>

THRESHOLD REVIEW

ELIGIBILITY CRITERIA		
1. Eligible Applicant	<input checked="" type="checkbox"/> YES (Select One) Must be one of the following: <input type="checkbox"/> State Agency <input type="checkbox"/> Unit of Local Government <input type="checkbox"/> Special Purpose Unit of government e.g. public housing authority <input checked="" type="checkbox"/> Private nonprofit organization [501(C)(3)] <input type="checkbox"/> Community Mental Health Center that are public nonprofit organizations	<input type="checkbox"/> NO
THRESHOLD REVIEW* *Note: All requirements listed above must be "Yes" in order to "PASS" review. If project fails threshold review, project is not eligible for further consideration and cannot be scored <div style="text-align: center;"> <input checked="" type="checkbox"/> PASS <input type="checkbox"/> FAIL </div>		
Score Description 0 = Inadequate: No evidence or information not provided 1 = Weak: Minimal evidence; limited potential; vague; weak concepts; limited likelihood of success; limited in innovative thinking; lacks sufficient information 2 = Marginal: Some evidence; partially developed concepts; some potential for effectiveness and success; some inconsistencies; needs work; some innovation present; requires additional information/clarification 3 = Good: Convincing concepts with enough examples of evidence to indicate a good chance for success; clear and complete; innovative 4 = Strong: Very convincing concepts with strong examples of evidence throughout potential; well-conceived and thoroughly developed with a high likelihood for success; very innovative 5 = Exemplary: Excellent concepts; exceptional evidence; well-thought out with an extremely high likelihood of success, exemplary, highly innovative		

PROJECT APPLICANT'S CAPACITY AND EXPERIENCE (SECTION 3)	Maximum Points 30	Score
The applicant's mission is consistent with the program's objective. [3a]	5	1
Applicant has adequate staff to effectively administer the program. [3b]	5	1
Applicant demonstrates successful experience working with the target population. [3c]	5	1
Applicant demonstrates experience to effectively utilize grant funds to administer the program. [3c]	5	0
Applicant demonstrates how it will collaborate with other agencies to prevent duplication of services.[3g]	5	2
Applicant has experience working with landlords.[4h]	5	0

PROJECT READINESS (SECTION 4)	Maximum Points 5	Score
Applicant demonstrates readiness to implement the program. [4a,b]	5	0

PROGRAM DESIGN (SECTION 4)	Maximum Points 30	Score
Applicant demonstrates a workable outreach plan to connect to the target population. [4c]	5	1
Applicant's eligibility criteria and selection process is consistent with the community needs. [4d]	5	1
Project application provides detailed description of how program participants will be assisted to access services and maximize their ability to live independently. [4e]	5	1
The project outcomes and results are clear and do include measurable indicators. The number of	5	1

**HOMELESS INITIATIVE PROGRAM
APPLICATION SCORE SHEET**

Project Name: <u>LIFEBRIDGE INTEGRATED CARE</u>	Final Score: <u>30</u>
Project Applicant: <u>LITTLE RED HEN COMMUNITY DEV.</u>	Reviewer: <u>C. BLOT, A. THOMAS, & D. TAYLOR</u>

individuals/families served is adequate to meet unmet needs of the community. [4f,g]		
Project application provides detailed description of how program participants will be assisted to obtain and remain in permanent housing. Project application demonstrates participants will have access to mainstream benefits and services. [4i]	5	1
Applicant's program operation is adequate to meet the needs of the target population. Applicant presents a fair process for handling grievances and appeals. [4j,k]	5	1

PROJECT BUDGET AND FISCAL STABILITY (SECTIONS 3 & 5)	Maximum Points 30	Score
Budget is accurate & complete. [5]	5	5
Applicant is leveraging program grant funds. [5]	5	0
Applicant provides clear and detailed justification of expenditures for each line item. [5]	5	3
Applicant has adequate financial control system and procedures. [3d]	5	0
Applicant has no unresolved findings. [3e]	5	5
Applicant demonstrates fiscal soundness and sustainability. [3f]	5	1

HMIS PARTICIPATION/AGENCY COLLABORATION (5 PTS)	Maximum Points	Score
Applicant will participate / is participating in the local Continuum of Care and will provide client level data in the Homeless Management Information System (HMIS). [2g, 7a]	5	5

OTHER		
Project Applicant was made available (either by phone or in person) for an interview by the Reviewer(s) to provide an overview of their agency's capacity, experience, and scope of the project.		
Final Score	Maximum Points 100	Project Score <u>30</u>

COMMENTS: Agency's mission is not consistent with program's objectives. Lacks staff and experience in managing this type of program. No real outcome indicators. Lacks collaboration with other agencies that work with this population. Application is not clear as to how the agency would implement the program. Agency lacks financial stability and leveraging.

**SUBRECIPIENT AGREEMENT BETWEEN
COUNTY OF CUMBERLAND
COMMUNITY DEVELOPMENT DEPARTMENT
AND
ENDEAVORS
FOR
HOMELESS INITIATIVE PROGRAM**

THIS AGREEMENT, entered into this 1st day of June 2018, by and between the County of Cumberland (hereinafter called the "County"), a body politic and corporate of the State of North Carolina and Endeavors, Inc. (hereinafter called the "Sub recipient"), with an office located at 535 Bandera Road, San Antonio, Texas 78228.

WHEREAS, the County of Cumberland and the City of Fayetteville entered into an interlocal agreement with the desire to fund programs and services to address homelessness; and

WHEREAS, the Sub recipient has received an award of \$200,000 in Homeless Initiative funds to assist in using such funds to provide housing stabilization assistance to homeless individuals and families; and

WHEREAS, the Subrecipient is a duly organized nonprofit and is an eligible Sub recipient of Homeless Initiative funds; and

NOW, THEREFORE, the parties agree that:

I. SCOPE OF SERVICES

A. ACTIVITIES/PRINCIPAL TASKS

The Sub recipient will provide services under the Homeless Initiative Program in a manner satisfactory to the County and consistent with any standards required as a condition of providing these funds. Such services will include the following activities eligible under the Homeless Initiative Program:

1. **Program Delivery** The Sub recipient will provide the following activities for individuals and families who are experiencing homelessness as a part of the Homeless Initiative Program:

Activity #1 Housing Stabilization – The Sub recipient will provide housing stabilization assistance to assist homeless individuals and families in obtaining and/or maintaining stable permanent housing through financial assistance and services.

2. **General Administration**. The following general administration activities are necessary to provide the activities described in Paragraph I.A.1 of this Agreement.

Activity #1 Payment of Expenses: The County will make all payments for eligible housing stabilization expenses related to the Homeless Initiative Program. The reimbursement of eligible expenses will be based on the receipt of the appropriate source documentation from the Sub recipient.

Activity #2 Collection of Documents for Payment: The Sub recipient will collect all necessary source documentation to substantiate all expenditures and enter the client data into the Homeless Management Information System prior to submission to the County for payment. The Sub recipient will submit all requests for payment with a cover memorandum and the following source documentation:

- **Payroll Expenses**: All requests for payment of eligible payroll expenses will include a copy of a timesheet (in the format specified by the County) and a work progress report to correspond to the hours submitted for payment and copy of payroll ledger for proof of payment.

- Other Expenses: All requests for payment of eligible housing stabilization expenses will include a copy of a dated invoice, a copy of receipt for the expenditure for proof of payment; copy of financial ledgers or copies of cancelled checks.

Activity #3 The Sub recipient will conduct generally accepted accounting procedures to ensure compliance and tracking of all funds received and disbursed by the Sub recipient.

B. PURPOSE AND ELIGIBLE ACTIVITIES

The Sub recipient certifies that the activities carried out with funds provided under this agreement will also comply with the purpose and eligible activities identified in the Homeless Initiative guidelines.

C. LEVELS OF ACCOMPLISHMENT

In addition to the normal administrative services required as part of this Agreement, the Sub recipient agrees to provide the following levels of program services as listed on Exhibit 1. Unless amended by mutual written agreement by the Sub recipient and the County, the Sub recipient will perform the described activities in conformance with the Goals and Objectives outlined in Exhibit 1.

D. STAFFING

The Sub recipient will assign staff as Key Personnel relative to its provision of services to the homeless.

E. PERFORMANCE MONITORING

The County will monitor the performance of the Sub recipient against goals and performance standards required herein. Substandard performance as determined by the County will constitute non-compliance with this Agreement. If action to correct such substandard performance is not taken by the Subrecipient within thirty (30) days after being notified by the County, contract suspension procedures will be initiated.

II. TIME OF PERFORMANCE

Services of the Sub recipient will begin on the 1st day of June, 2018, and end on the 30th day of June, 2020.

III. BUDGET: FUNDING SOURCE – HOMELESS INITIATIVE

The program budget is in accordance with the Homeless Initiative Agreement and the funds shall be allocated to the following eligible activities – housing stabilization for a **total of Homeless Initiative funding not to exceed \$200,000**. Amendments to the budget must be approved in writing.

IV. METHOD OF COMPENSATION/PAYMENT SCHEDULE

The parties agree that the total amount of Homeless Initiative funds to be paid by the County to the Sub recipient under this contract will not exceed **\$200,000**. All payments will be made on a reimbursement basis consistent with Paragraph I.A.2 of this Agreement.

V. NOTICES

Communication and details concerning this contract will be directed to the following contract representatives:

COUNTY

Delores Taylor, Interim Director
Cumberland County Community Development
P. O. Box 1829, 707 Executive Place
Fayetteville, NC 28302
(910) 323-6112
FAX #: (910) 323-6114

SUBRECIPIENT

Travis Pearson, MABC, LPC
President and Chief Executive Director
Endeavors, Inc.
535 Bandera Road
San Antonio, TX 78228
(201) 431-6466
FAX #: (210) 431-6442

VI. SPECIAL CONDITIONS:

- A. **Submission of Pay Requests** - The Sub recipient will submit payment requests to the County at least once per month. The Sub recipient will submit a request for payment evidencing said expenses with adequate supporting documentation as required by the County.
- B. **Continuum of Care Participation** - The Sub recipient is responsible for participating in the local Continuum of Care to ensure adequate representation in the local continuum of care network.
- C. **Annual Audit** - The Sub recipient will conduct an annual audit of the program and provide a copy to the County for each year of the contract period.

VII. GENERAL CONDITIONS

- A. **GENERAL COMPLIANCE**
The Sub recipient will carry out each activity required by this Agreement. The Subrecipient further agrees to use funds available under this Agreement to supplement rather than to supplant funds otherwise available.
- B. **INDEPENDENT CONTRACTOR**
Nothing contained in this Agreement is intended or will be construed to create or establish the relationship of employer/employee between the parties. The Sub recipient will at all times remain an "Independent Contractor" with respect to the services to be performed under this Agreement. The County will be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance as the Subrecipient is an independent contractor.
- C. **HOLD HARMLESS**
The Sub recipient will hold harmless, defend and indemnify the County from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the Subrecipient's performance or nonperformance of the services or subject matter called for in this Agreement.
- D. **WORKERS' COMPENSATION**
The Sub recipient will provide Workers' Compensation Insurance coverage for all of its employees involved in the performance of this contract.
- E. **INSURANCE AND BONDING**
The Sub recipient will carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud, and/or undue physical damage, and as a minimum will purchase a blanket fidelity bond covering all employees in an amount equal to cash advances from the County, if applicable. The Sub recipient will also list the County as an additional insured. The Sub recipient will cause the insurer to provide the County with certification of insurance. Insurer will also provide the County notice of cancellation at least fifteen (15) days prior to cancellation. The Sub recipient will comply with the bonding and insurance requirements in 24 CFR Part 84, Bonding and Insurance.
- F. **DEBARRED / SUSPENDED**
The Sub recipient must not make any award or permit any award (sub grant or contract) at any tier to any party that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs subject to 2 CFR part 2424. The requirement set forth in 24 CFR Part 5 apply to this program.
- G. **GRANTOR RECOGNITION**
The Sub recipient will ensure recognition of the role of the grantor agency in providing services through this contract. All activities, facilities and items used pursuant to this contract will be prominently labeled to indicate the County Homeless Initiative Program as a funding source. In addition, the Sub recipient will

include a reference to the support provided herein in all publications made possible with funds made available under this contract.

H. AMENDMENTS

The County or Sub recipient may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of both organizations. Such amendments will not invalidate this Agreement, nor relieve or release the County or Sub recipient from its obligations under this Agreement. The County may, at its discretion, amend this Agreement to conform with Federal, State or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the Scope of Services, or schedule of activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both County and Sub recipient.

I. SUSPENSION OR TERMINATION

Either party may terminate this contract by giving written notice to the other party of such termination at least thirty (30) days before the effective date of such termination and specifying the effective date thereof. Partial terminations of the Scope of Service in Paragraph I.A. above may only be undertaken with the prior approval of the County. If this Agreement is terminated for convenience, all finished or unfinished documents, data, studies, surveys, maps, models, photographs, reports or other materials prepared by the Sub recipient under this Agreement shall, at the option of the County, become the property of the Grantee, and the Sub recipient shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents or materials prior to the termination. The County may also suspend or terminate this Agreement, in whole or in part, if the Sub recipient materially fails to comply with any term of this Agreement, or with any of the rules, regulations or provisions referred to herein; and the County may declare the Sub recipient ineligible for any further participation in the County's contracts, as stated in the Monitoring Policy of the County, in addition to other remedies as provided by law. If there is probable cause to believe the Sub recipient is in noncompliance with any applicable rules or regulations, the County may withhold all or any portion of said contract funds until such time as the Sub recipient is found to be in compliance by the County, or is otherwise adjudicated to be in compliance.

VIII. ADMINISTRATIVE REQUIREMENTS

A. DOCUMENTATION AND RECORD-KEEPING

1. Records to be Maintained

The Sub recipient will establish and maintain sufficient records to complete the required reports for client level data in HMIS and other reports as supplied by the State through the U.S. Department of Housing and Urban Development. The Sub recipient will submit program data sufficient to complete the annual report to the County within 30 days after the end of each program year, as determined by the County. The Sub recipient will also maintain all records that are pertinent to the activities to be funded under this Agreement. Such records will include, but not be limited to:

- a. Records providing a full description of each activity undertaken;
- b. Records demonstrating that each activity undertaken meets the purpose and eligible activities of the Homeless Initiative Program;
- c. Records required to determine the eligibility of activities;
- d. Records documenting compliance with the Fair Housing and Equal Opportunity; and
- e. Financial records as required in 24 CFR Part 84;

2. Retention

The Sub recipient will retain all records pertinent to expenditures incurred under this contract for a period of five (5) years after the termination of all activities funded under this Agreement. Records for non-expendable property acquired with funds under this contract will be retained for five (5) years after final disposition of such property. Records for any displaced person must be kept for five (5) years after he/she has received final payment. Notwithstanding the above, if there is litigation, claim(s), audit(s), negotiation(s) or other actions that involve any of the records cited and that have started before the expiration of the five (5) periods,

then such records must be retained until completion of the actions and resolution of all issues.

3. Client Data

The Sub recipient will maintain client data demonstrating client eligibility for services provided by completing verification of eligibility for each potential client; accurate and timely reporting of data in the HMIS system. Such data will include, but not be limited to, client name, address, income level, or other basis for determining eligibility, and description or service provided. Such information will be made available to County's monitors or its designees for review upon request.

4. Disclosure

Client information collected under this contract is confidential and the use or disclosure of such information, when not directly connected with the administration of the County's or Sub recipient's responsibilities with respect to services provided under this contract, is prohibited unless written consent is obtained from such persons receiving service and, in the case of a minor, from a responsible parent/guardian.

5. Close-Outs

The Sub recipient's obligation to the County will not end until all close-out requirements are completed. Activities during this close-out period will include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balance, and accounts receivable to the County), and determining the custodianship of records.

6. Audits and Inspections

The Sub recipient agrees to have an annual agency audit conducted in accordance with OMB Circular A-133. If the Subrecipient does not meet the threshold requirements for an annual audit in accordance with OMB Circular A-133 standards, the Sub recipient will have an annual audit conducted by an independent certified public accountant in accordance with generally accepted government auditing standards (GAGAS). All Sub recipient records with respect to any matters covered by this Agreement will be made available to the County, grantor agency, its designees or the Federal Government, at any time during normal business hours, as often as the County or grantor agency deems necessary, to audit, examine and make excerpts or transcripts of all relevant data. The County will send written notice of any deficiencies to the Sub recipient within fifteen (15) days following audit/monitoring. Any deficiencies noted in monitoring reports must be fully cleared by the Sub recipient within thirty (30) days after receipt by the Sub recipient. Failure of the Sub recipient to comply with the above monitoring requirements will constitute a violation of this contract and may result in the withholding of future payments.

B. REPORTING AND PAYMENT PROCEDURES

1. Indirect Costs

If indirect costs are charged, the Sub recipient will develop an indirect cost allocation plan for determining the appropriate Sub recipient's share of administrative costs and will submit such plan to the County for approval, in a form specified by the County.

2. Payment Procedures

The County will pay to the Sub recipient funds available under this contract based upon information submitted by the Sub recipient and consistent with any approved budget and County policy concerning payments. With the exception of certain advances, payments will be made for eligible expenses actually incurred by the Sub recipient, and not to exceed actual cash requirements. Payments will be adjusted by the County in accordance with advance fund and program income balances available in Sub recipient accounts. In addition, the County reserves the right to allocate funds available under this contract for costs incurred by the County on behalf of the Sub recipient.

3. Progress Reports

The Sub recipient will submit regular Progress Reports to the County in the form, content, and frequency as required by the County. If the Sub recipient is more than 30 days delinquent in submitting its progress

reports, the County will discontinue processing all requests for payment until such time as the delinquent reports are received.

IX. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of this Agreement will not be affected thereby and all other parts of this Agreement will nevertheless be in full force and effect.

X. NON-APPROPRIATION CLAUSE

If appropriations of money to conduct and administer the presently scheduled program are lawfully reduced or terminated, or it is deemed in the public interest and necessity for the health, safety, or welfare of the public to reduce or terminate this scheduled program, the County, at its option, has the right to terminate this Agreement effective upon the end of the fiscal year. The County will give the Sub recipient written notice of termination under the provisions of this paragraph immediately upon receipt of actual notice by the County of a reduction or termination of appropriations of money for the scheduled program, or any other necessity to reduce or terminate the program. Following the effective date of such termination the County will have no further obligation to make any payments; the County will have no right to recover any payments heretofore paid which were due and payable prior to the effective date of such termination.

XI. IRAN DIVESTMENT ACT CERTIFICATION

Contractor hereby certifies that Contractor, and all subcontractors, are not on the Iran Final Divestment List ("List") created by the North Carolina State Treasurer pursuant to N.C.G.S. 147-86.55-69. Contractor shall not utilize any subcontractor that is identified on the List.

XII. E-VERIFY

Contractor shall comply with the requirements of Article 2 of Chapter 64 of the General Statutes. Further, if Contractor utilizes a subcontractor, Contractor shall require the subcontractor to comply with the requirements of Article 2 of Chapter 64 of the General Statutes.

DRAFT

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the _____ day of _____, 2018 by their respective duly authorized representatives.

GRANTEE: COUNTY OF CUMBERLAND

ATTEST:

BY: _____
Clerk to the Board of Commissioners

BY: _____
LARRY L. LANCASTER, BOARD CHAIR

[COUNTY SEAL]

SUBRECIPIENT: ENDEAVORS, INC.

ATTEST:

BY: _____
Secretary

BY: _____

[CORP SEAL]

PRE-AUDIT CERTIFICATE:

APPROVED FOR LEGAL SUFFICIENCY:

By: _____
County Finance Department Date

By: _____
County Attorney's Office
Agreement Expires: 06/30/2020 Date
() Renewable
(x) Non-Renewable

**STATE OF NORTH CAROLINA
COUNTY OF CUMBERLAND**

I, _____, a Notary Public in and for the County and State, do hereby certify that _____, who being duly sworn, personally appeared before me this day and acknowledged that she is the Clerk of the Cumberland County Board of Commissioners; that _____ is the duly appointed _____; that the seal affixed to the foregoing Agreement is the Official Seal of the Board; that said _____ is duly authorized to enter into this Agreement on behalf of said Board and that he signed and sealed this Agreement; and this Agreement is attested by said Clerk on behalf of said Board; all by its authority duly granted; and that said _____ acknowledged the said Agreement to be the act and deed of the _____.

WITNESS my hand and notarial seal this the _____ day of _____, 2018.

NOTARY PUBLIC

My Commission Expires: _____.

**STATE OF _____
COUNTY OF _____**

I, _____, a Notary Public in and for the County and State, do hereby certify that _____, personally came before me this day and acknowledged that she/he is an _____ of **ENDEAVORS, INC**, a not for profit corporation of the State of _____ and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____, sealed with its corporation seal and attested by her as its employee.

WITNESS my hand and notarial seal this the _____ day of _____, 2018.

NOTARY PUBLIC

My Commission Expires: _____.

EXHIBIT 1

Homeless Initiative Program

PROGRAM OBJECTIVES

The projections listed below shall be updated at the end of each program year during the term of this agreement. *The Sub recipient shall be responsible for providing the updated projections to the County.*

GOALS AND OBJECTIVES

- *To provide housing stabilization services to homeless families and individuals*
- *To serve at least 15 single adult individuals and 20 families (with children) during the term of the contract*

DUANE T. HOLDER
Assistant County Manager

TRACY JACKSON
Assistant County Manager

SALLY S. SHUTT
Assistant County Manager



AMY H. CANNON
County Manager

MELISSA C. CARDINALI
Assistant County Manager

OFFICE OF THE COUNTY MANAGER

**MEMO FOR THE AGENDA OF THE MAY 3, 2018
MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE

FROM: MELISSA C. CARDINALI, ASSISTANT COUNTY MANAGER

THRU: AMY H. CANNON, COUNTY MANAGER *Amy Cannon*

DATE: APRIL 25, 2018

SUBJECT: MONTHLY UPDATES

Requested by: Finance Committee

Presenter: Melissa C. Cardinali, Assistant County Manager

Estimate of Committee Time Needed: For Information Only

BACKGROUND:

Each month staff provides a monthly update on health insurance, CDBGDR and the financial report. These items are included in the agenda packet for the Committee's information.

RECOMMENDATION/PROPOSED ACTION:

No action needed; however, staff is prepared to answer any questions a committee member may have regarding the information provided.

AMY H. CANNON
County Manager

MELISSA C. CARDINALI
Assistant County Manager



CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

ITEM NO. 7.A.

DUANE T. HOLDER
Assistant County Manager

TRACY JACKSON
Assistant County Manager

SALLY S. SHUTT
Assistant County Manager

OFFICE OF THE COUNTY MANAGER

**MEMO FOR THE AGENDA OF THE MAY 3, 2018
MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE

FROM: MELISSA C. CARDINALI, ASSISTANT COUNTY MANAGER

THRU: AMY H. CANNON, COUNTY MANAGER *Amy Cannon*

DATE: APRIL 25, 2018

SUBJECT: MONTHLY HEALTH INSURANCE REPORT

Requested by: Finance Committee

Presenter: Melissa C. Cardinali, Assistant County Manager

Estimate of Committee Time Needed: For Information Only

BACKGROUND:

Claims for the March 2018 are down 33% from March 2017 (month to month). To provide some perspective on the claims, below is the 9-month average for the past 5 fiscal years. This average represents the average claims for July – March of each fiscal year.

Average claims per fiscal year for July – March:

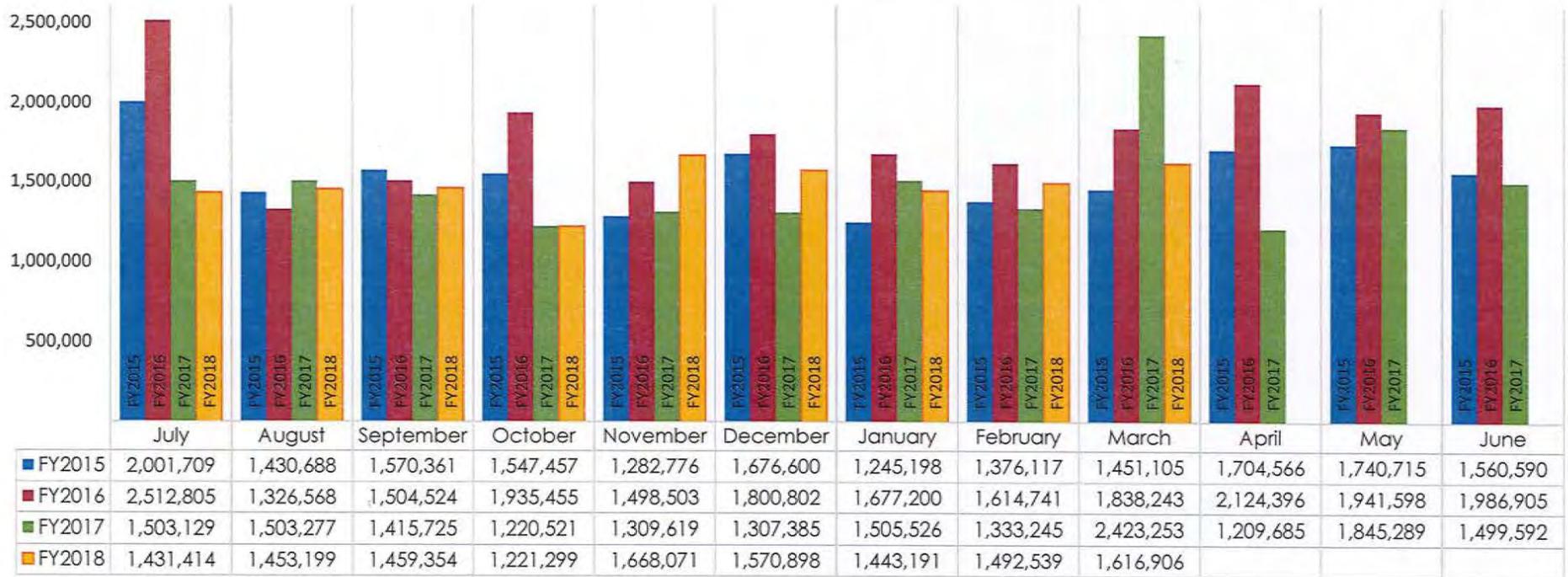
FY13 \$1,247,123
FY14 \$1,227,005
FY15 \$1,509,112
FY16 \$1,745,427
FY17 \$1,502,409
FY18 \$1,484,097

The attached graphs are provided as an aid to the analysis.

RECOMMENDATION/PROPOSED ACTION:

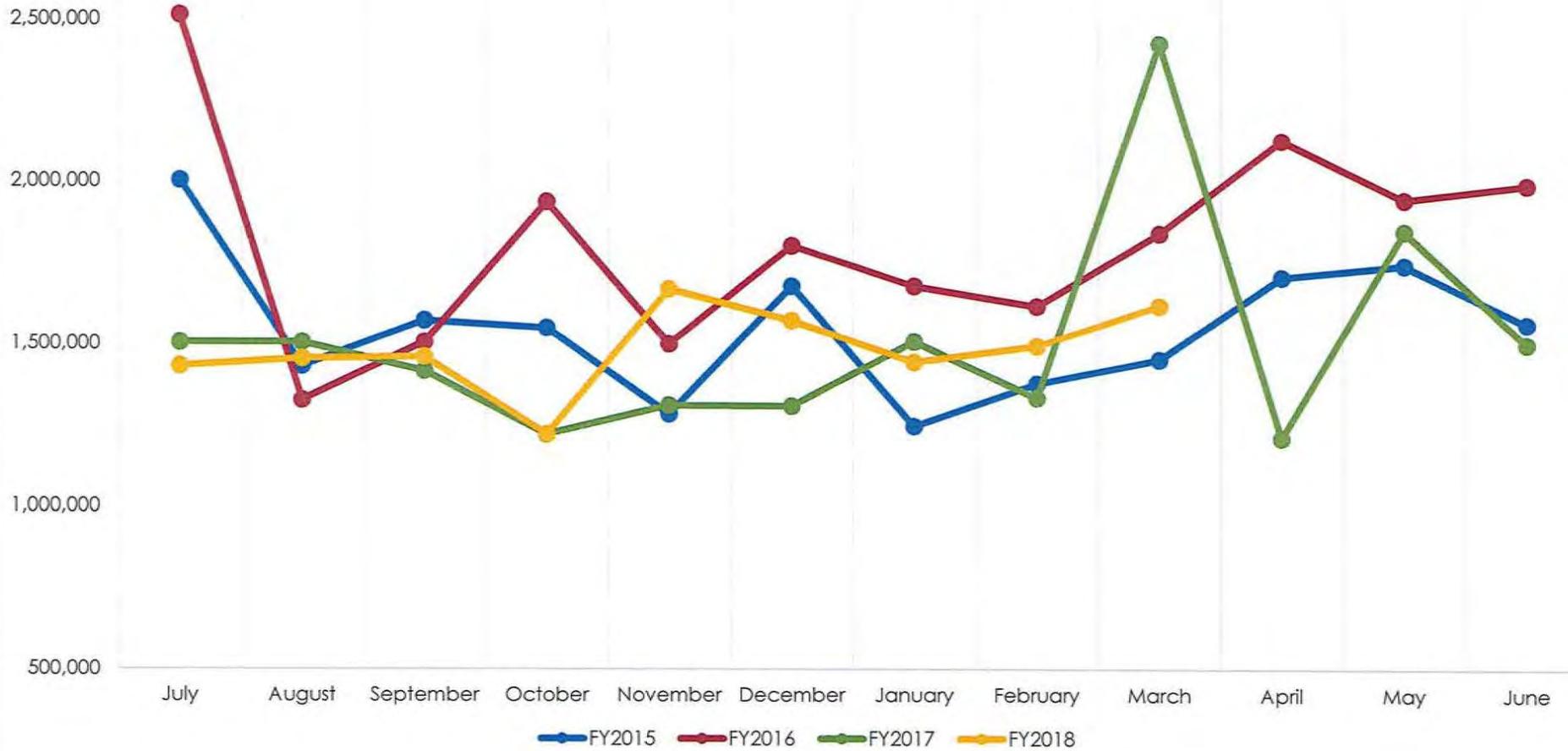
No action needed – for information only.

Monthly Insurance Claims FY15-FY18



■ FY2015
 ■ FY2016
 ■ FY2017
 ■ FY2018

Monthly Insurance Claims FY15 - FY18



AMY H. CANNON
County Manager

MELISSA C. CARDINALI
Assistant County Manager



CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

ITEM NO. 7.B.

DUANE T. HOLDER
Assistant County Manager

TRACY JACKSON
Assistant County Manager

SALLY S. SHUTT
Assistant County Manager

OFFICE OF THE COUNTY MANAGER

**MEMO FOR THE AGENDA OF THE MAY 3, 2018
MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE

FROM: TRACY JACKSON, ASST. COUNTY MANAGER

THRU: AMY CANNON, COUNTY MANAGER *Amy Cannon*

DATE: APRIL 25, 2018

SUBJECT: MONTHLY CDBG-DR UPDATE

Requested by: Board of Commissioners

Presenter(s): Tracy Jackson, Asst. County Manager

Estimate of Committee Time Needed: For Information Only

BACKGROUND

The Community Development Block Grant – Disaster Recovery (CDBG-DR) program has been passed down from the federal government to the state government and is being administered locally by Cumberland County as the lead entity with a separate agreement in place with the State of North Carolina and the City of Fayetteville. This monthly report shows progress and activities occurring within the program.

RECOMMENDATION/PROPOSED ACTION:

No action is required. This is for information only.

CUMBERLAND COUNTY CDBG-DR PROGRAM UPDATE

FOR THE MAY 3, 2018

FINANCE COMMITTEE MEETING

Status as of April 23, 2018:

Total Applications	Application Intake (Step 1)	State Eligibility Check (Step 2)	State Duplication of Benefits Check (Step 3)	Does Not Meet Eligibility Requirement
223	127	36	51	9
Inspection & Environmental Review (Step 4)	Grant Determination (Step 5)	Contractor Selection (Step 6)	Construction (Step 7)	Completion (Step 8)
17	0	0	0	0

**Steps 2-3 performed by State; Steps 1, 4-8 performed by County/City*

Milestones/Activities:

- Request for Project Management Proposal – due May 18, 2018
- Ongoing– County will process applications, incomplete applications and submit for review; State will determine eligibility; County and City will initiate inspections and environmental review processes;
- County CD Rehab staff will initiate environmental review and site inspection on 12 properties that are in the Step 3 DOB status the week of April 23;
- City CD staff will initiate environmental review and site inspections the week of April 23 on 5-6 properties identified by State for expediting reimbursement processing by May 1.

Current Staffing:

- State: No further on-site staffing; (1) County Liaison from NC Dept of Public Safety
- Cumberland County:
 - Sylvia McLean, P.T. Community Development (CD) Consultant; Terrinique Washington, Admin Support Specialist;
 - Temporary Staff: Interviews completed – Admin Housing Coordinator II; *Hiring within few weeks once HR complete their process-projected April 30*
 - *Interviewing Finance position soon – Admin. Program Officer II*
- City of Fayetteville: On-site staffing as needed to fill-in; Jay Reinstein and Cindy Blot are City representatives/contacts

Hours of Operation:

- Monday – Friday, 9 a.m. to 4 p.m.

VICKI EVANS
Finance Director



ITEM NO. 7.C.

ROBERT TUCKER
Accounting Supervisor

IVONNE MENDEZ
Accounting Supervisor

FINANCE OFFICE

4th Floor, Room No. 451, Courthouse • PO Box 1829 • Fayetteville, North Carolina 28302-1829

**MEMO FOR THE AGENDA OF THE MAY 3, 2018
MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE

FROM: VICKI EVANS, FINANCE DIRECTOR

THRU: AMY CANNON, COUNTY MANAGER *Amy Cannon*

DATE: APRIL 24, 2018

SUBJECT: MONTHLY FINANCIAL REPORT – FISCAL YEAR 2018,
MARCH YEAR-TO-DATE

Requested by: Finance Committee

Presenter(s): Vicki Evans, Finance Director

Estimate of Committee Time Needed: For information only

BACKGROUND

The financial report is included which shows the fiscal year 2018 March year-to-date budget to actual (cash received/cash paid) comparison. Additional detail has been provided on a separate page explaining any percentages that may appear inconsistent with year-to-date budget expectations.

RECOMMENDATION/PROPOSED ACTION

No action needed – for discussion and information purposes only.

Celebrating Our Past...Embracing Our Future

**County of Cumberland
General Fund Revenues**

REVENUES	FY16-17	FY17-18	FY17-18	YTD ACTUAL	PERCENT OF
	AUDITED	ADOPTED BUDGET	REVISED BUDGET	AS OF March 31, 2018	BUDGET TO DATE
Ad Valorem Taxes					
Current Year	\$ 156,131,527	\$ 160,312,162	\$ 160,312,162	\$ 160,607,522	100.2% (1)
Prior Years	1,046,732	1,121,000	1,121,000	918,456	81.9%
Motor Vehicles	17,683,864	18,070,242	18,070,242	11,780,333	65.2% (2)
Penalties and Interest	650,368	667,602	667,602	537,962	80.6%
Other	1,018,563	930,279	930,279	701,090	75.4%
Total Ad Valorem Taxes	176,531,054	181,101,285	181,101,285	174,545,363	96.4%
Other Taxes					
Sales	41,517,943	41,760,036	41,760,036	21,031,567	50.4% (3)
Real Estate Transfer	1,091,362	700,000	700,000	747,378	106.8%
Other	1,114,408	1,111,500	1,111,500	493,392	44.4%
Total Other Taxes	43,723,713	43,571,536	43,571,536	22,272,337	51.1%
Unrestricted & Restricted Intergovernmental Revenues	75,613,483	67,300,253	70,809,215	35,186,835	49.7% (4)
Charges for Services	13,832,010	12,056,608	12,078,308	8,114,800	67.2%
Other Sources (includes Transfers In)	8,945,521	6,988,890	7,045,838	6,015,397	85.4% (5)
Proceeds Refunding Bonds		-	23,005,000	23,005,000	100.0% (6)
Premium on COPS Sold		-	4,285,558	4,285,557	100.0% (6)
County Closing Contribution		-	254,736	254,735	100.0% (6)
Lease Land CFVMC	3,714,637	3,714,637	3,714,637	3,813,452	102.7% (7)
Total Other	12,660,158	10,703,527	38,305,769	37,374,141	97.6%
Total Revenue	\$ 322,360,418	\$ 314,733,209	\$ 345,866,113	\$ 277,493,476	80.2%
Fund Balance Appropriation		8,889,652	9,463,925	-	0.0% (8)
Total Funding Sources	\$ 322,360,418	\$ 323,622,861	\$ 355,330,038	\$ 277,493,476	78.1%

**County of Cumberland
General Fund Expenditures**

DEPARTMENTS	FY16-17	FY17-18	FY17-18	YTD ACTUAL	PERCENT OF
	AUDITED	ADOPTED BUDGET	REVISED BUDGET	EXPENDITURES AS OF March 31, 2018	BUDGET TO DATE **
Governing Body	\$ 591,731	\$ 617,587	\$ 617,587	\$ 432,522	70.0%
Administration	2,515,558	1,501,201	1,501,201	996,500	66.4%
Public Affairs/Education	76,879	497,199	497,199	349,557	70.3%
Human Resources	30,245	828,896	828,896	592,133	71.4%
Print, Mail, and Design	754,908	875,345	861,871	548,967	63.7%
Court Facilities	55,786	129,370	168,010	94,890	56.5%
Facilities Maintenance	1,936,136	2,009,030	2,493,508	1,083,991	43.5%
Landscaping & Grounds	606,364	607,577	612,237	410,998	67.1%
Carpentry	231,715	234,884	234,884	132,068	56.2%
Facilities Management	1,238,266	1,267,781	1,273,221	882,231	69.3%
Public Buildings Janitorial	721,041	710,946	710,946	508,218	71.5%
Central Maintenance	798,075	672,386	672,386	440,131	65.5%
Information Services	3,388,444	3,958,479	4,173,447	2,460,280	59.0%
Board of Elections	1,180,015	2,237,762	2,237,762	687,467	30.7% (1)
Finance	1,205,572	1,201,225	1,201,225	821,228	68.4%
Legal	668,776	813,554	813,554	502,222	61.7%
Register of Deeds	2,092,298	2,321,099	2,761,865	1,361,868	49.3%
Tax	5,567,709	5,589,154	5,620,154	3,504,404	62.4%
Debt Service	23,400,669	21,464,283	21,466,328	15,483,557	72.1% (2)
General Government Other	3,828,293	4,237,882	4,590,290	2,134,639	46.5%
Sheriff	47,212,707	50,250,550	50,518,813	33,439,598	66.2%
Emergency Services	3,064,405	3,320,934	3,395,291	2,130,446	62.7%
Criminal Justice Pretrial	434,987	426,673	426,673	317,974	74.5%
Youth Diversion	325	25,000	25,000	978	3.9% (3)
Animal Control	2,932,986	2,922,717	2,947,717	2,060,850	69.9%
Public Safety Other (Medical Examiners, NC Detention Subsidy, etc.)	1,007,220	1,075,666	1,075,666	766,640	71.3%
Heath	22,269,462	22,506,054	23,541,742	15,008,103	63.8%
Mental Health	3,148,761	5,452,507	3,281,366	2,934,881	89.4%
Social Services	71,524,059	66,425,182	67,141,445	42,133,875	62.8%
Veteran Services	371,189	385,725	385,725	273,142	70.8%

**County of Cumberland
General Fund Expenditures**

DEPARTMENTS	FY16-17	FY17-18	FY17-18	YTD ACTUAL	PERCENT OF
	AUDITED	ADOPTED BUDGET	REVISED BUDGET	EXPENDITURES AS OF March 31, 2018	BUDGET TO DATE **
Child Support	4,893,727	5,044,200	5,044,200	3,276,429	65.0%
Spring Lake Resource Administration	31,524	34,332	34,332	18,487	53.8%
Library	11,105,397	10,530,428	10,778,472	7,241,742	67.2%
Stadium Maintenance	110,288	117,296	117,296	53,696	45.8%
Culture Recreation Other (Some of the Community Funding)	312,816	268,069	268,069	244,735	91.3%
Planning	3,077,126	3,446,758	3,455,653	2,028,527	58.7%
Engineering	439,678	510,090	2,437,872	685,855	28.1% (4)
Cooperative Extension	570,083	705,596	705,596	368,822	52.3%
Location Services	357,095	447,221	447,221	226,561	50.7%
Soil Conservation	141,234	136,400	357,543	97,527	27.3%
Public Utilities	87,442	110,270	124,474	66,279	53.2%
Economic Physical Development Other	20,000	20,000	20,000	20,000	100.0% (5)
Industrial Park	3,296	23,148	23,148	742	3.2% (6)
Economic Incentive	420,423	548,418	710,918	100,315	14.1% (7)
Water and Sewer	-	250,000	379,330	-	0.0% (8)
Education	91,394,940	93,341,404	93,341,404	68,847,768	73.8%
Other Uses:					
Transfers Out	2,264,613	3,522,583	3,465,252	167,898	4.8% (9)
Refunding of 2009A and 2011B LOBS	-	-	27,543,249	27,531,480	100.0% (10)
TOTAL	\$ 318,084,263	\$ 323,622,861	\$ 355,330,038	\$ 243,471,224	68.5%

Expenditures by Category	FY16-17	FY17-18	FY17-18	EXPENDITURES AS OF	PERCENT OF
	UNAUDITED	ADOPTED BUDGET	REVISED BUDGET	March 31, 2018	BUDGET TO DATE
Personnel Expenditures	\$ 131,620,131	\$ 136,744,346	\$ 135,123,252	\$ 87,593,678	64.8%
Operating Expenditures	158,133,695	157,914,300	163,101,793	110,343,359	67.7%
Capital Outlay	2,118,869	3,460,456	4,113,271	1,918,157	46.6% (11)
Debt Service	23,946,955	21,981,176	21,983,221	15,916,652	72.4%
Refunding of 2009A and 2011B LOBS	-	-	27,543,249	27,531,480	100.0%
Transfers To Other Funds	2,264,613	3,522,583	3,465,252	167,898	4.8%
TOTAL	\$ 318,084,263	\$ 323,622,861	\$ 355,330,038	\$ 243,471,224	68.5%

COUNTY OF CUMBERLAND

Fiscal Year 2018 - March Year-to-Date Actuals

Additional Detail

General Fund Revenues

*

- (1) **Current Year Ad Valorem** - Actuals are at 100.2% of budget as of 3/31/18; 97.56% of the levied tax as of 3/31/18.
- (2) **Motor Vehicles** 65.2% - YTD Actual reflects 8 months of collections. Actuals are just slightly below budget for this reporting period.
- (3) **Sales Tax** 50.4% - YTD Actual reflects 6 months of collections. Actuals are just slightly above budget for this reporting period.
- (4) **Unrestricted/Restricted Intergovernmental** Revenues 49.7% - lag in revenue is typically one month.
- (5) **Other Sources** (includes Transfers In) 85.4% - Rental income makes up majority of actual receipts. The majority of remaining balance is budgeted as a transfer in to fund the Board of Ed debt payment toward year-end.
- (6) **Proceeds, Premium, Closing** 100% - COPS/LOBS refunding of \$23M closed in August 2017. (Correlates with item (9) on report of expenditures.)
- (7) **Lease Land CFVMC** 102.7% - paid in full.
- (8) **Fund Balance Appropriation** 0% - Direct entries are not made to fund balance throughout the fiscal year.

General Fund Expenditures

**

- (1) **Board of Elections** 30.7% - capital purchase budgeted for \$809,045 has not yet been purchased.
- (2) **Debt Service** 72.1% - large debt payment was made in December
- (3) **Youth Diversion** 3.19 - expenditures for this program tend to occur later in the fiscal year. Conference scheduled during the month of December.
- (4) **Engineering** 28.1% - Revised budget reflects \$1.2M addition for stream debris removal grant for which no expenditures have been incurred. A budget revision was done in December to move this grant over to Engineering since they will be completing the projects.
- (5) **Economic Physical Development** 100% - NC Southeast contribution has been paid in full.
- (6) **Industrial Park** 3.2% - maintenance at Cedar Creek Industrial Park has not yet been completed.
- (7) **Economic Incentive** 14.1% - economic incentives are budgeted at 100% of agreements but are not paid unless/until the company complies.
- (8) **Water and Sewer** 0% - Funds budgeted for Overhills W&S have not yet been expended.
- (9) **Transfers Out** 4.8% - transfers out typically occur near year-end.
- (10) **Refunding** of 2009A and 2011B LOBS 100% - refunding of \$23M closed in August 2017. (Correlates with item (6) on report of revenues.)
- (11) **Capital Outlay** 46.6% - Board of Elections capital equipment and FTCC capital outlay budgeted but not incurred or encumbered makes up the majority of unutilized budget.