

CUMBERLAND COUNTY FINANCE COMMITTEE  
NEW COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564  
APRIL 5, 2012 - 9:30AM  
MINUTES

MEMBERS PRESENT: Commissioner Kenneth Edge, Chairman  
Commissioner Jeannette Council  
Commissioner Ed Melvin

OTHER COMMISSIONERS  
PRESENT:

Commissioner Jimmy Keefe  
Commissioner Charles Evans  
Commissioner Marshall Faircloth (arrived 9:45 a.m.)

OTHERS:

James Martin, County Manager  
Amy Cannon, Deputy County Manager  
James Lawson, Assistant County Manager  
Rick Moorefield, County Attorney  
Phyllis Jones, Assistant County Attorney  
Howard Abner, Assistant Finance Director  
Sally Shutt, Communication and Strategic Initiatives Manager  
Karen Long, Crown Coliseum General Manager  
Chris Ragland, Crown Coliseum AGM/Director of Operations  
Lisa Foster, Crown Coliseum Director of Finance  
Ryan C. Aul and Wayne Beard, Sr., Civic Center Commissioner  
Members  
Rita Perry, Crown Coliseum Administrative Support  
Candice H. White, Clerk to the Board  
Press

Commissioner Edge called the meeting to order at 9:30 a.m.

1. APPROVAL OF MINUTES – MARCH 1, 2012 REGULAR MEETING

MOTION: Commissioner Melvin moved to approve the minutes.

SECOND: Commissioner Council

VOTE: UNANIMOUS (3-0)

2. PRESENTATION OF CROWN CENTER BUSINESS PLAN AND BI-ANNUAL REPORT

James Martin, County Manager, called on Karen Long, Crown Coliseum General Manager, who introduced members of her staff and the Civic Center Commission. Ms. Long provided the following overview of the Crown Coliseum's Business Plan Bi-Annual Report. The full report is included herein as Attachment A.

### Chronological Summary

- November 2010: The County Finance Committee requested that the Crown Center develop a business plan.
- April 6, 2011: The Business Plan was presented to and approved by the Civic Center Commission. The Commission instructed the General Manager to develop a strategic plan.
- June 28, 2011: The Crown Strategic Plan was presented to and approved by the Civic Center Commission.
- September 1, 2011: Crown Business and Strategic Plans were presented to the County Finance Committee. The Finance Committee requested bi-annual reports outlining marketing and promotion strategies and financial goals.
- February 9 and March 9, 2012: Executive Committee meetings were held to discuss the Business Plan.
- March 27, 2012: Presentation made to Civic Center Commission.
- April 2, 2012: Executive Committee approved the business plan and bi-annual report.
- April 5, 2012: The first bi-annual presentation was made to the County Finance Committee.

### Business Plan Updates and Additions

Ms. Long briefly reviewed updates and additions to the business plan and referenced page numbers of the report on which the information could be found.

#### Administrative:

Pages 2 & 7: Change of the indoor football information to Cape Fear Heroes (Arena Indoor Football).

Page 4: Update of Civic Center Commission board members

Page 5: Update of Crown Center organizational chart

#### Financial Graphs:

Pages 24- 33 and Page 35 – 37 (Fiscal year data updates)

#### Addition:

Pages 28: Debt Services Requirement FY2012-2025 Graph

### Finance Objectives

- Manage the resources of the Crown Center in a fiscally responsible manner
- Ensure efficient and effective staffing for events

- Increase the number of visitors/patrons to the Crown Center
- Ensure equitable contracts with promoters
- Ensure risk assessment is measureable for programming in relation to sponsored events

Ms. Long reported the Executive Committee at their February and March 9, 2012 meetings directed her to use drop counts or attendance numbers and event contributions and budget contributions as a means to most accurately represent performance indicators for the business plan report.

Ms. Long stated in accordance with the direction of the Executive Committee, the Crown Coliseum will use a 1.5% increase or drop count or attendance numbers as a performance measurement tool. Ms. Long explained if the performance management tool was based on the FY2010-2011 drop count, the goal would be an increase of just over 8,500 attendees.

Performance Indicators

Drop Count (Attendance)

FISCAL YEAR	DROP COUNT
2010-2011	567,937
2009-2010	533,092
2008-2009	577,733

Goal: 1.5% increase for FY2011-2012

Ms. Long stated in also accordance with the direction of the Executive Committee, the Crown Coliseum will use a 1% increase for event contributions as a performance measurement tool. Ms. Long further explained if the performance measurement tool was based on the FY2010-2011 event contributions, the goal would be an increase of just over \$14,000.

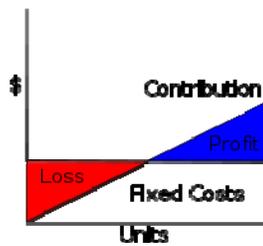
Event Contributions

FISCAL YEAR	EVENT CONTRIBUTIONS
2010-2011	\$1,406,851
2009-2010	\$1,436,393
2008-2009	\$1,129,775

Goal: 1% increase for FY2011-2012

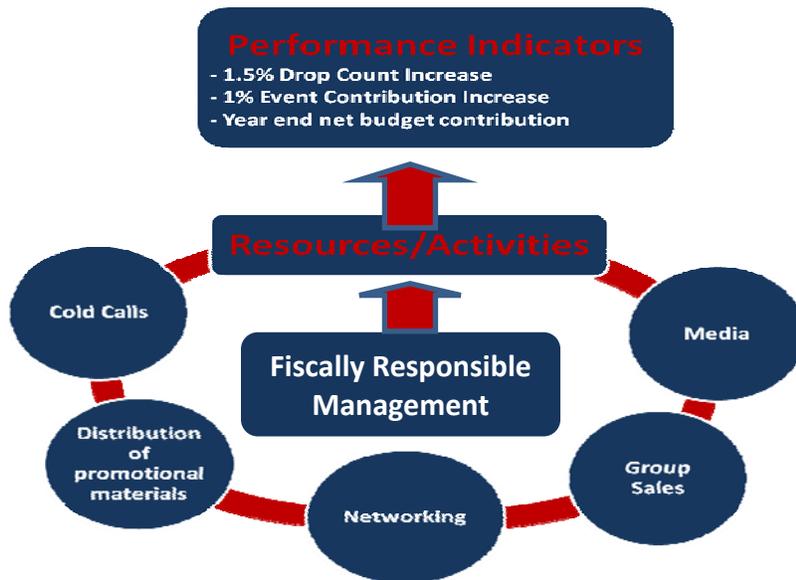
Ms. Long stated that third performance measurement or indicator will be to strive for a year-end net contribution of 8% to the budget; this will include both combined event and non-event revenue. Ms. Long explained net contributions to budget consist of revenues less expenses of the general operations of the Crown Coliseum; this excludes capital, major maintenance and repairs greater than \$30,000, encumbered items and associated revenue assigned for those expenses. Mr. Long also explained major maintenance and repairs and encumbered items were not itemized on previous financial reports so there is a lack of historical data for net contributions to the budget.

Year-End Net Contributions to Budget



Goal: 8%

Ms. Long explained ways in which the goals as designated by the performance indicators will be achieved and also provided cost savings estimates.



### Fiscally Responsible Management

- Monitor overtime and adjust schedules when necessary to reduce overtime, contracted services, and on-call employees
- Regularly scheduled equipment evaluation performed by staff and outside contractors
- Yearly software updates to ensure proper control of equipment and increase energy efficiency
- Equipment upgrades to ensure complex is working as efficiently and effectively as possible
- Coliseum and Expo florescent lighting retrofitting
- Arena lighting updating
- In-house maintenance and repairs (i.e., carpentry, painting, electrical lighting upgrades and repairs, welding and landscaping)
- Event and Operating policy and procedure updates

#### (Internal Controls)

- Purchasing Policy
- Cash Receipts Policy
- Petty Cash Policy
- Sponsored Events
- Comply with All Cumberland County Policies

### Marketing and Sales

#### Cold Calls:

- Website inquiries
- Promoters
- Suite Lease
- Signage

#### Distribution of Promotional Materials:

- Cumberland County municipalities
- Various county departments
- Surrounding counties
- Colleges

#### Networking/Industry Related:

- IAVM – International Association of Venue Managers, Inc.
- RCMA – Religious Conference Management Association
- Venue Coalition
- TEAMS – Travel, Events, and Management in Sports
- IEBA – International Entertainment Buyers Association

#### Networking/Local and Regional:

- FACVB – Fayetteville Area Convention and Visitors Bureau
- NC Sports Association
- AENC - Association Executives of North Carolina
- MWR – Morale, Welfare and Recreation
- NCDDBA – North Carolina Defense Business Association
- FAHA - Fayetteville Area Hospitality Association

Group Sales:

Present

- Cape Fear Valley Hospital

Potential

- Cumberland County employees
- City of Fayetteville employees
- PWC
- Goodyear
- Local and area colleges
- Current suite holders and businesses that have signage

Media:

- Crown Center website
- Facebook
- Twitter
- E-mail blasts
- Ticketmaster
- Digital marquees
- Digital billboards
- Radio
- Network and cable television

MOTION: Commissioner Council moved to reduce the Crown Coliseum's number of annual reports to one report.

SECOND: Commissioner Melvin

VOTE: UNANIMOUS (3-0)

Questions followed. Lisa Foster, Crown Coliseum Director of Finance, explained food and beverage tax projections and transfers, fund balance expensed for operating expenses, and capital projects under the plan. Consensus of the Finance Committee was for the Crown Coliseum to provide its annual report in October.

### 3. DISCUSSION OF FINANCIAL IMPACT OF MENTAL HEALTH DIVESTITURE

Mr. Martin called on Amy Cannon, Deputy County Manager, who referenced Mental Health Director Hank Debnam's presentation at the Board's February 17, 2012 planning retreat regarding changes for the Mental Health Authority related to continued mental health reform and divestiture of services. Ms. Cannon stated the Mental Health Authority will no longer provide direct services to clients but will move to a capitated funding model which will establish a Managed Care Organization (MCO). Ms. Cannon stated Wake and Durham counties merged into one unit and Cumberland County is combining with Durham and Johnson counties with Durham being the new MCO for the four-county region. Ms. Cannon stated each county will have designated MCO funded staff and there will be forty-six and one-half positions at the local level paid for by the MCO.

Ms. Cannon stated during discussion at the February 17, 2012 planning retreat, Mr. Debnam mentioned the movement of some clinical services to other county departments in an effort to preserve employee positions within the county infrastructure. Ms. Cannon stated one of the concerns is that Mr. Debnam is proposing to retain about twenty-two of the former Local Management Entity (LME) positions that would be county-funded. Ms. Cannon stated there will be no LME funding to offset the salary costs of the positions and these positions will not be revenue generating. Ms Cannon stated these positions will cost the county \$1 million annually.

Ms. Cannon stated additionally, the guardianship function for Mental Health clients can no longer be serviced by the Mental Health Authority and this function and three Mental Health employees will be transferred to the Department of Social Services to maintain this service. Ms. Cannon stated this appears to be a good fit although there may be some financial impact to Social Services revenues for a certain time period since the positions will not be allowed to draw down Block Grant monies.

Ms. Cannon stated also of significance is the transfer of the psychiatric clinical services from the Mental Health Authority to the Public Health Department. Ms. Cannon stated there are about twenty-six positions that are proposed to be transferred to and managed by the Public Health Department and located in the Bradford Avenue facility. Ms. Cannon stated the makeup of the unit will be one medical director, six psychiatrists and support positions for the unit. Ms. Cannon stated a considerable amount of supplemental money will be needed to support the unit's \$3 million budget and the unit's revenue potential is less than one-third the budget. Ms. Cannon stated this unit has not been self sustaining in Mental Health and when this unit is moved to the Public Health, it will be a standalone unit and if the unit does not bring in revenues to fully cover its expenditures, the unit will require county funding.

Ms. Cannon stated as budgets are being submitted, there are probably more questions than answers and staff are evaluating these issues. Ms. Cannon stated a meeting with staff from the Mental Health Authority has been scheduled to work through some of the issues. Ms. Cannon stated the conclusion is there will be new fiscal challenges to the general fund, especially in combination with funding for the Detention Center and its staffing. Ms. Cannon stated she felt it would be appropriate to bring this matter to the attention of the Board since the budget process will begin next month. Ms. Cannon concluded her discussion by stating at some point, staff may request a special meeting with the Board to discuss service levels, productivity and the financial implications.

Commissioner Council stated the Cumberland County community has needs for mental health services but is underserved by psychiatrists and she did not understand why the unit could not be revenue producing. Commissioner Council stated she felt psychiatric services should have extended hours and weekend hours and should be provided in collaboration with the Public Health Department, the school system and the Cape Fear Valley Hospital System. Commissioner Council stated there are also problems at the Detention Center that require extensive mental health services. Commissioner Council stated it is incumbent on the County Commissioners to see that the taxpayers' dollars are being used in a more fruitful manner and it did not make sense to her that the county should carry the psychiatric clinical services unit at an annual cost of \$4 million.

Mr. Martin stated he recently met with Mr. Debnam and they discussed the transfer of the unit and the need for the unit to be sustainable in terms of generating revenue to cover its expenses. Mr. Martin stated during their discussion, Mr. Debnam indicated he has had ongoing concerns about the productivity level of this unit. Mr. Martin stated this unit must make major gains in productivity to generate the revenue necessary for it to be sustainable. Discussion followed.

Commissioner Faircloth asked what the county was required to do by the state. Commissioner Edge asked what would be accomplished by combining the four counties into an MCO. Ms. Cannon stated the MCO will perform the billing and draw down of state funding and will theoretically reduce administrative staff outside of those functions. Rick Moorefield, County Attorney, stated the state has forced all counties to go to the Piedmont Behavioral Health model that was created to administer managed care operations with funds provided only through Medicaid.

Commissioner Edge requested clarification regarding eliminated positions. Ms. Cannon stated at this point there are forty-three positions in the requested budget that will be eliminated December 31, 2012. Ms. Cannon stated at present there are eighty-seven positions and the Mental Health Authority's goal is to retain about twenty-two of those positions which would be county-funded plus forty-six new positions created and funded by the MCO. Ms. Cannon stated theoretically some of the individuals in the eliminated positions may be able to move to MCO positions.

Additional questions and discussion followed. Commissioner Council asked about Mental Health's fund balance. Ms. Cannon advised several years ago the Local Government Commission (LGC) told the county's finance office that the Mental Health fund does not meet the definition to be a special revenue fund and moving the Mental Health fund into the general fund makes it just like any other county department whose fund balance is combined with the county's fund balance.

Commissioner Edge asked if the county could legally say it would not fund psychiatric clinical services. Mr. Moorefield responded in the affirmative. Mr. Martin stated he is not sure whether Mental Health staff has looked at the possibility of privatizing these services but he had mentioned this option to Mr. Debnam. Commissioner Faircloth suggested that Mr. Martin suggest to Mr. Debnam that the board is not receptive to taking on psychiatric clinical services and that he may need another plan. Commissioner Faircloth stated he did not see the county taking on psychiatric clinical services unless it halts the jail expansion.

Mr. Moorefield advised Mental Health is requesting that the county work out the transfer of these programs through a Memorandum of Understanding between Mental Health and the Health Department. Mr. Moorefield stated if this is accomplished, then it will be a commitment from the county to provide the additional funding indefinitely and it will also be an acknowledgement that there is not a private market to provide the services.

#### 4. REVIEW OF MONTHLY FINANCIAL REPORT

For expenditures and obligations Howard Abner, Assistant Finance Director, reported for eight months the county's year-to-date obligations were 64.90% of budget which is 1.25% greater than this time last year. Mr. Abner further reported the total spending rate is 64.47% and is in line with last year's 64.31%. Mr. Abner advised one of the two biggest areas for expenditures is for

personnel and typically the under spending for personnel can approach \$4 million; some of that under spending is offset by the hiring of temporary personnel which brings the figure closer to \$3 million. Mr. Abner advised the other big spending area is basic operating for departments that house people which approaches 99% to 99.5%. Mr. Abner stated the trend for departments to spend a higher and higher percentage of their budget continues.

For revenue, Mr. Abner reported ad valorem taxes were on track to collect about 101.2% of budget which equates to \$1.6 million, and motor vehicle tax collections were doing well. Mr. Abner reported monthly collections of \$1 million were a good sign and the county now has four consecutive \$1 million months. Mr. Abner also reported February's sales tax distributions of \$3 million were for sales in November and collections for these November sales were up .8% from November 2010. Mr. Abner stated overall year-end estimates were projected at just .98% increase over the budget. Mr. Abner reported Register of Deeds fees were showing a slight overall increase over last year and the hope was this is part of a positive trend. Mr. Abner further reported sales and services were doing quite well with both the total collection and percent of budget collected being well above last year. Mr. Abner concluded his report by stating that these categories were at 77.66% of budget which was 1.4% above last year.

#### 5. OTHER MATTERS OF BUSINESS

There were no other matters of business.

There being no further business, the meeting adjourned at 10:43 a.m.