

CUMBERLAND COUNTY FINANCE COMMITTEE
COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
DECEMBER 1, 2016 – 9:30 AM
REGULAR MEETING MINUTES

MEMBERS PRESENT: Commissioner Larry Lancaster, Committee Chairman
Commissioner Jeannette Council
Commissioner Kenneth Edge
Commissioner Jimmy Keefe

OTHER COMMISSIONERS PRESENT: Commissioner Glenn Adams
Commissioner Charles Evans
Commissioner Marshall Faircloth
Commissioner-Elect Michael Boose

OTHERS: Amy Cannon, County Manager
Tracy Jackson, Assistant County Manager
Melissa Cardinali, Assistant County Manager
Sally Shutt, Governmental Affairs Officer
Rick Moorefield, County Attorney
Vicki Evans, Finance Director
Deborah Shaw, Budget Analyst
Heather Harris, Budget Analyst
Kim Cribb, Budget Analyst and Grants Coordinator
Tammy Gillis, Director of Internal Audit and Wellness Services
Mark Browder, Mark III Employee Benefits
Jim Grafstrom, Crown Complex General Manager/Spectra
Venue Management
Cecil Combs, Planning and Inspections Deputy Director
Jim Blackwell PE, Interim Solid Waste Director
Jerod Roberts, Solid Waste Director
Candice H. White, Clerk to the Board
Press

Commissioner Lancaster called the meeting to order.

Amy Cannon, County Manager, requested the addition of Consideration of Approval of Change Order to the Ann Street Haul Road Construction Contract as Item 5. with the remaining items renumbered accordingly. Consensus followed.

1. APPROVAL OF MINUTES – NOVEMBER 3, 2016 FINANCE COMMITTEE
REGULAR MEETING

MOTION: Commissioner Edge moved to approve the November 3, 2016 regular meeting minutes.

SECOND: Commissioner Council

VOTE: UNANIMOUS (4-0)

2. PRESENTATION ON FY2017 HEALTH INSURANCE PLAN PERFORMANCE BY
MARK BROWDER, MARK III EMPLOYEE BENEFITS

BACKGROUND:

Major changes to the County health insurance plan occurred effective July 1, 2016. Mark Browder will present an update on the current year claims expense since these changes became effective.

RECOMMENDATION/PROPOSED ACTION:

No action by the Committee is needed; this is for information only.

Mark Browder, Mark III Employee Benefits, stated the review will show how the plan has been performing over the last four months and comparing that against the prior plan year. Mr. Browder provided the following review:

Medical Plan Review

- 2015 – 2016 was a difficult plan year.
- Health of the population, claims, and Health Care Reform were the driving factors in the claims increases.
- Plan design changes were made to offset claims costs along with a funding increase.
- Waist Incentive was approved to provide healthy lifestyle reward.
- The plan is Self-funded, which provides the lowest cost method of funding health coverage with fixed cost being only 9.2% of total plan cost; plan bid last saved \$900,000 of fixed cost in process.

2016-2017 Plan Experience

Active									
Date	Subs	Members	Medical	Pharmacy	Total Claims		Total Cost	Stop-loss Credits	Net Costs
July-16	1,843	2,905	\$881,845.17	\$251,926.27	\$1,133,771.44		\$1,273,158.10	\$0.00	\$1,273,158.10
August-16	1,851	2,923	\$678,397.85	\$335,456.84	\$1,013,854.69		\$1,147,683.39	\$0.00	\$1,147,683.39
September-16	1,844	2,914	\$705,504.63	\$279,136.22	\$984,640.85		\$1,210,017.67	\$0.00	\$1,210,017.67
October-16	1,852	2,933	\$509,961.87	\$264,713.04	\$774,674.91		\$912,212.69	\$0.00	\$912,212.69
Total	7,390	11,675	\$2,775,709.52	\$1,131,232.37	\$3,906,941.89		\$4,543,071.85	\$0.00	\$4,543,071.85
			Rx/Sub/Mth	\$153.08	\$528.68			0.00%	
Pre-65 Retirees									
Date	Subs	Members	Medical	Pharmacy	Total Claims		Total Cost	Stop-loss Credits	Net Costs
July-16	303	350	\$132,915.06	\$80,274.23	\$213,189.29		\$234,744.00	\$0.00	\$234,744.00
August-16	298	345	\$169,382.13	\$130,939.43	\$300,321.56		\$321,522.24	\$0.00	\$321,522.24
September-16	296	342	\$165,097.20	\$112,708.38	\$277,805.58		\$298,896.12	\$0.00	\$298,896.12
October-16	300	345	\$190,155.07	\$77,757.00	\$267,912.07		\$289,288.08	\$0.00	\$289,288.08
Total	1,197	1,382	\$657,549.46	\$401,679.04	\$1,059,228.50		\$1,144,450.44	\$0.00	\$1,144,450.44
			Rx/Sub/Mth	\$335.57	\$884.90			0.00%	
Post-65 Retirees									
Date	Subs	Members	Medical	Pharmacy	Total Claims		Total Cost	Stop-loss Credits	Net Costs
July-16	501	502	\$46,470.91	\$109,697.80	\$156,168.71		\$191,744.56	\$0.00	\$191,744.56
August-16	505	506	\$43,388.29	\$145,712.83	\$189,101.12		\$224,959.03	\$0.00	\$224,959.03
September-16	505	506	\$19,992.20	\$133,285.92	\$153,278.12		\$189,188.97	\$0.00	\$189,188.97
October-16	508	509	\$73,073.14	\$104,861.23	\$177,934.37		\$214,055.31	\$0.00	\$214,055.31
Total	2,019	2,023	\$182,924.54	\$493,557.78	\$676,482.32		\$819,947.87	\$0.00	\$819,947.87
			Rx/Sub/Mth	\$244.46	\$335.06			0.00%	
Combined									
Date	Subs	Members	Medical	Pharmacy	Total Claims	Pharmacy/Clinic Wellness	Total Cost	Stop-loss Credits	Net Costs
July-16	2,647	3,757	\$1,061,231.14	\$441,898.30	\$1,503,129.44	\$125,000.00	\$1,699,646.66	\$0.00	\$1,699,646.66
August-16	2,654	3,774	\$891,168.27	\$612,109.10	\$1,503,277.37	\$125,000.00	\$1,694,164.66	\$0.00	\$1,694,164.66
September-16	2,645	3,762	\$890,594.03	\$525,130.52	\$1,415,724.55	\$125,000.00	\$1,823,102.76	\$0.00	\$1,823,102.76
October-16	2,660	3,787	\$773,190.08	\$447,331.27	\$1,220,521.35	\$125,000.00	\$1,540,556.08	\$0.00	\$1,540,556.08
Total	10,606	15,080	\$3,616,183.52	\$2,026,469.19	\$5,642,652.71	\$500,000.00	\$6,757,470.16	\$0.00	\$6,757,470.16
			Rx/Sub/Mth	\$191.07	\$532.02			0.00%	
				97.97%	76.90%				

Mr. Browder stated for 2016 2017, the plan performance markedly improved and was down 23% in the first four months this year as compared to 2015–2016, which was a typical year, and claims are running about 20% better than 2015-2016. Mr. Browder referenced the benefits payment trend below and stated the County was running \$1.8 to \$1.9 million for the first eight months of 2015-2016 compared to the last four months when it was running \$1.4 to \$1.5 million and the most recent month when it was running \$1.2 million.

Positive Plan Trend

Cumberland County	Total Number of Employees	Benefit Payments	Stop-Loss Credits	Net Claims
November-15	2,611	\$1,498,503.25	\$6,496.97	\$1,492,006.28
December-15	2,611	\$1,800,802.03	\$62,547.05	\$1,738,254.98
January-16	2,624	\$1,677,199.62	\$3,758.85	\$1,673,440.77
February-16	2,639	\$1,614,740.57	\$45,463.76	\$1,569,276.81
March-16	2,634	\$1,838,243.38	\$146,986.05	\$1,691,257.33
April-16	2,640	\$2,124,395.52	\$209,723.66	\$1,914,671.86
May-16	2,645	\$1,941,597.60	\$284,309.48	\$1,657,288.12
June-16	2,643	\$1,986,904.62	\$137,631.13	\$1,849,273.49
July-16	2,647	\$1,503,129.44	\$0.00	\$1,503,129.44
August-16	2,654	\$1,503,277.37	\$0.00	\$1,503,277.37
September-16	2,645	\$1,415,724.55	\$0.00	\$1,415,724.55
October-16	2,660	\$1,220,521.35	\$0.00	\$1,220,521.35
Total	31,653	\$20,125,039.30	\$896,916.95	\$19,228,122.35

The last 4 months of claims experience is a marked improvement over the prior 8 months.

Top 15 Episodes-Most Recent Year

Episode	Claimants	Allowed Amount	Allowed Amount/Claimant	Allowed PMPM
Diabetes	521	\$1,607,270	\$3,085	\$35.92
Ischemic Heart Disease	181	\$1,501,497	\$8,296	\$33.55
Hypertension	1,350	\$1,133,742	\$840	\$25.33
Chronic Renal Failure	73	\$855,708	\$11,722	\$19.12
Malignant Neoplasm - Breast	46	\$756,163	\$16,438	\$16.90
Joint Degeneration - Back	288	\$704,661	\$2,447	\$15.75
Malignant Neoplasm - Pulmonary	10	\$631,044	\$63,104	\$14.10
Adult Rheumatoid Arthritis	43	\$556,175	\$12,934	\$12.43
Joint Degeneration - Knee/Lower Leg	194	\$544,195	\$2,805	\$12.16
Obesity	587	\$478,122	\$815	\$10.68
Routine Exam	1,524	\$472,502	\$310	\$10.56
COPD	108	\$456,482	\$4,227	\$10.20
Leukemia	7	\$409,558	\$58,508	\$9.15
Non-Malignant Neoplasm - Female Genitourinary Tract	84	\$399,166	\$4,752	\$8.92
Atrial-Fibulation & Flutter	44	\$363,603	\$8,264	\$8.13

Mr. Browder reviewed the top 15 episodes recorded above and stated improving the health of the population continues to be a focus. Mr. Browder stated there was high level participation in the screenings that were just conducted and the results were good. Mr. Browder reviewed the 2017-2018 initiatives below and stated the value of the HSA is that it helps employees who are part of the plan to be better consumers of healthcare dollars and affords them the opportunity to save for future healthcare costs.

2017-2018 Initiatives

- Implement the HSA in 2017–2018 for employee consumerism and personal savings for future health care cost.
- The \$250 weight/waist incentive reward for health improvement will be delivered for employees meeting the metrics.
- We are going to address the risks of tobacco to the population and the plan, within legal limits.
- Prescription drug benefit modification.

Mr. Browder stated North Carolina has a legal products law and you cannot ban or restrict a legal product like tobacco. Mr. Browder stated however there are incentives that can be put in place to help educate and motivate the cessation of tobacco.

Melissa Cardinali, Assistant County Manager, recalled last year the Board approved that employee prescriptions filled at a pharmacy would be applied to the \$150 deductible and the only time that would not occur would be when the employee used the County pharmacy, which has seen a huge increase in utilization to include extended hours. Ms. Cardinali stated the County thought the drug deductible had been set up and it was set up but for only Tiers 2, 3, and 4; however, it was not set up for Tier 1 so only a co-pay was being charged. Ms. Cardinali stated BCBS was contacted and it confirmed the above. Ms. Cardinali stated the financial implication to the County was about \$200,000 but it is believed that the benefit to the employee probably outweighs that amount because they have access to generic drugs and a low co-pay on holidays, after hours and Sunday afternoon when the County pharmacy is closed. Ms. Cardinali stated the recommendation to BCBS was to maintain that structure for the remainder of the year rather than go back and attempt to charge Tier 1 drugs to the \$150 deductible. Ms. Cardinali stated should this be problematic to the Finance Committee, it can be re-addressed. Mr. Browder stated what the Board of Commissioners approved was submitted to BCBS's pharmacy management Prime but they failed to implement it as instructed; however, not having Tier 1 applied to the \$150 deductible is to the benefit of employees.

Commissioner Adams requested that BCBS share half the cost or some portion or penalty thereof since the County submitted it correctly and BCBS was responsible for the error. Mr. Browder stated he would submit the request. Questions followed. Mr. Browder stated about 85% of drugs go to generic with only about 15% going to brand.

Commissioner Council asked how close the savings of 21% to 23% was to the 2013-2014 year. Ms. Cardinali stated she would provide that information. In response to a question posed by Commissioner Keefe, Ms. Cannon stated health insurance savings stay in a health insurance fund. Ms. Cardinali stated the goal is to stabilize health insurance costs and have a very strong fund balance in the health insurance fund so as the years cycle, the fund can be relied on and not have significant swings.

3. CONSIDERATION OF A LONG TERM EXTENSION OF THE MANAGEMENT AGREEMENT WITH SPECTRA VENUE MANAGEMENT FOR THE CROWN COMPLEX OPERATIONS

BACKGROUND:

On October 7, 2013 the Board of Commissioners approved a contract for Spectra Venue Management (then Global Spectrum) to manage Crown Center Complex operations beginning November 1, 2013. The contract period was for three (3) years.

As the initial contract period comes to an end, it is time to consider a long term extension of the management agreement. Representatives from Spectra Venue will be in attendance at the Finance Committee meeting to discuss the proposed extension.

The summary of proposed changes to the contract is recorded below.

RECOMMENDATION/PROPOSED ACTION:

Management and the County Attorney are seeking general direction for the proposed extension in order to develop a contract. The proposed contract will be brought back to the Finance Committee at the January 5, 2017 meeting.

Jim Grafstrom, Crown Complex General Manager/Spectra Venue Management, introduced individuals from Spectra Venue Management and stated the current Management Agreement is a three year guarantee and a two year optional extension by County Commissioners to take Spectra Venue Management through November 1, 2018. Mr. Grafstrom stated the proposal is to extend the agreement as it currently stands through June 30, 2017 and then have a new five year agreement taken effect from July 1, 2017 through June 30, 2022 with the sole option to extend the Spectra Venue Management for an additional five years from July 1, 2022 through June 30, 2027.

As for capital investment, Mr. Grafstrom stated Spectra contributed \$150,000 towards revenue enhancing projects at the Crown Complex, specifically to transform an underutilized concourse area into the ESPN Radio Upper Deck or bar/lounge area which has generated additional revenue in the form of private functions. Mr. Grafstrom stated as part of the proposed extension, Spectra would contribute an additional \$200,000 with \$75,000 to be released immediately upon approval and used to fund the feasibility study for the new performing arts center and \$125,000 to be dedicated to an Event Fund. Commissioner Council stated the Board of Commissioners has not voted for a feasibility study for a performing arts center. Mr. Grafstrom stated the Civic Center Commission gave Spectra a directive that they would like to see the feasibility study happen so the suggestion is to release the money for that purpose; however, that money can be used for whatever purpose chosen. Commissioner Edge asked Mr. Grafstrom whether he was aware of a study conducted by the Arts Council with a recommendation for a performing arts center. Mr. Grafstrom responded in the affirmative. Commissioner Council asked that the language regarding the feasibility study be removed. Mr. Grafstrom stated that would be acceptable and language could state the \$75,000 would be released to be used at the discretion of the Board of Commissioners. Commissioner Keefe stated the Civic Center Commission takes care of studies

and contracts and the Board of Commissioners only approve the facilities, and although the Arts Council conducted a study, it did not include an in depth economic impact of a performing arts center. Questions and discussion followed.

 Spectra Venue Management Crown Complex, Fayetteville, NC Summary of Key Contract Extension Terms As of September 16, 2016		CONFIDENTIAL AND NON-BINDING FOR DISCUSSION PURPOSES ONLY
Purpose	This document has been drafted by Spectra Venue Management to begin the discussion of a long-term extension of the Management Agreement for the Crown Complex in Fayetteville, NC with the Cumberland County Civic Center Commission "Commission" under the terms proposed below.	
Financial Terms		
	Current	Proposed
Term	The current Management Agreement expires on November 1, 2018, however, the Commission has the right to terminate the agreement without cause on the 3rd anniversary of the effective date (November 1, 2016), or, the Commission may extend the Management Agreement under the same terms and conditions for 2 years through November 1, 2018. The Civic Center Commission is slated to vote on this issue at the September 27, 2016 Commission Meeting.	<ul style="list-style-type: none"> • The Commission will extend the Spectra Management Agreement under the existing terms and conditions through June 30, 2017. This change is proposed in order to have the current management agreement run concurrent to the Crown Complex fiscal year. • Upon the expiration of the abbreviated extension, a new 5 year agreement will take effect and run concurrent with the facility fiscal year from July 1, 2017 through June 30, 2022 (the initial term). • At the conclusion of the initial term of the new Management Agreement, the Commission will have the sole option to extend Spectra Venue Management for an additional 5 years from July 1, 2023 through June 30, 2027.
Capital Investment	<ul style="list-style-type: none"> • Spectra has contributed One Hundred Fifty Thousand Dollars (\$150,000.00) towards revenue enhancing projects at the Crown Complex. Specifically, this capital expenditure was utilized to transform an underutilized concourse area into the ESPN Radio Upper Deck. • This contribution is amortized on a straight line basis over a 10 year period at the rate of 1/120 per month commencing on the effective date of the Management Agreement. • Upon termination or expiration of the Management Agreement for any reason, the Commission shall immediately pay Spectra any unamortized amount of the contribution. 	<ul style="list-style-type: none"> • Spectra will contribute a total of Two Hundred Thousand Dollars (\$200,000.00) to be used as follows: <ul style="list-style-type: none"> • Seventy-Five Thousand Dollars (\$75,000.00) to be released immediately upon contract signing and used to fund the feasibility study for the new performing arts • One Hundred Twenty Five Thousand Dollars (\$125,000.00) to be released on July 1, 2017 and is to be dedicated to an Event Fund. • These investments, along with the remaining unamortized balance of the initial \$150,000.00 investment, will be amortized on a straight line basis over a 10 year period at the rate of 1/120 per month commencing on the effective date of the new Management Agreement with Spectra. • In the event Spectra's agreement is terminated for any reason before the end of the 10 year amortization period, the Commission will repay Spectra the unamortized balance of the investment. • Any money remaining in the Event Fund at the end of the Agreement would revert to the Commission.
Fixed Management Fee	<ul style="list-style-type: none"> • The current Fixed Management Fee is \$97,541. • This represents a base Fixed Management Fee of \$96,000.00 adjusted for local CPI over the last 3 years. 	<ul style="list-style-type: none"> • The Fixed Management Fee will be Ninety Six Thousand Dollars (\$96,000.00). • The Fixed Management Fee shall be subject to annual increases tied to changes in local CPI.
Incentive Fee	<ul style="list-style-type: none"> • The incentive fee is twenty two percent (22%) of revenue generated in excess of a Benchmark capped at 100% of the Fixed Management Fee for any such Operating Year. • The incentive fee shall not be paid to Spectra to any extent if Spectra fails to achieve at least 95% of the bottom line net profit/loss budget number in any such Operating Year. 	<ul style="list-style-type: none"> • The incentive fee shall be twenty two percent (22%) of revenue generated in excess of a Benchmark capped at 200% of the Fixed Management Fee for any such Operating Year. • The incentive fee shall not be paid to Spectra to any extent if Spectra fails to achieve at least 95% of the bottom line net profit/loss budget number in any such Operating Year.
Benchmark	<ul style="list-style-type: none"> • The Benchmark was established jointly between Cumberland County and Spectra by averaging gross revenue generated at the Crown Complex for the 3 years prior to Spectra Venue Management taking over management duties of the Crown Complex. • The Benchmark for gross revenue is set at \$2,458,268.00. 	<ul style="list-style-type: none"> • Based on performance over the last 2+ years, the Benchmark shall be raised to \$4,500,000.00. • This represents a Benchmark increase of over 2 million dollars, or, 83.1% over the current Benchmark.
Spectra Ticketing and Fan Engagement	<ul style="list-style-type: none"> • The Spectra Ticketing agreement at the Crown Complex commenced on July 1, 2015 and continues for five (5) years expiring on June 30, 2020. 	<ul style="list-style-type: none"> • The Spectra Ticketing agreement at the Crown Complex shall be extended under the same terms and conditions to be coterminous with the Venue Management Agreement and will expire on June 30, 2022.

Mr. Grafstrom continued a review of the Summary of Key Contract Extension Terms recorded above and stated the current fixed Management Fee is \$97,541 which represents a base fee of \$96,000 adjusted for local CPI over the last three years. Mr. Grafstrom stated for the new five year term, the proposal is for \$96,000 subject to annual increase tied to changes in local CPI again.

Mr. Grafstrom stated the incentive fee Spectra could earn is based on a gross revenue benchmark of roughly \$2.45 million which was set by averaging gross revenues derived from the Crown Complex over three years prior to Spectra's management on November 1, 2013. Mr. Grafstrom stated the proposal is for that benchmark, based on Spectra's performance over the last three years, to be raised by \$2 million to \$4.45 million. Mr. Grafstrom stated this is more in line with the gross revenue Spectra has been able to generate at the facility during its operation and represents a benchmark increase of 83.1% over the current benchmark. Mr. Grafstrom

stated the proposal is also that the incentive fee structure remain the same with Spectra earning 22% over the agreed upon benchmark, capped at 200% of Spectra's management fee; current cap is 100% of Spectra's management fee.

Mr. Grafstrom stated the Spectra Ticketing agreement commenced on July 1, 2015 and continues for five years expiring on June 30, 2020. Mr. Grafstrom stated the proposal is that contract be extended to run coterminous with the new management agreement which will expire on June 30, 2022.

Commissioner Lancaster stated management is seeking general direction for the proposed extension in order to develop a contract with a recommendation that the proposed contract will be brought back to the Finance Committee at the January 5, 2017 meeting. Mr. Moorefield inquired regarding consensus of the Finance Committee for the capital investment language and stated this needs to be resolved in order to move forward. Commissioner Faircloth stated there needs to be more communication between the Civic Center Commission and the Board of Commissioners and suggested that the \$75,000 be included as a placeholder. One of the individuals representing Spectra stated the \$200,000 can be included to be dispersed as mutually agreed upon by the Civic Center Commission and Board of Commissioners. Mr. Moorefield stated for expediency that language will be used and the final resolution can be addressed afterwards.

4. APPROVAL OF A TEMPORARY PART-TIME POSITION AT ANIMAL CONTROL

BACKGROUND:

The Animal Control Department is in need of a temporary part-time position in their administrative office that will help with the transition of a replacement Administrative Program Officer I due to a forthcoming retirement. Dr. John Lauby, DVM, Animal Control Director, wishes to create a 19 hour a week position that will allow the retiring employee to come back on a temporary basis in order to train her replacement.

The current Administrative Officer performs a wide array of duties such as HR/Payroll, contract review, fees and fines, software administration, and fielding complaints and concerns from the public. This retiree's extensive experience, skills and qualifications will be hard to replace, and we believe it is in the best interest of the department and county to allow her to work on a part-time basis until a new hire is trained.

The funding for this position would be taken from lapsed salaries within the Animal Control Department and is proposed to last until the end of FY17. If approved, the temporary/part-time position would become effective on Monday, February 6, 2017.

RECOMMENDATION/PROPOSED ACTION:

Staff recommends approval of a temporary part-time Administrative Program Officer I position at Animal Control to be funded from February 6, 2017 through June 30, 2017.

Tracy Jackson, Assistant County Manager, reviewed the background information and recommendation/proposed action recorded above. Mr. Jackson stated the Administrative Program Officer will retire and in terms of succession planning, come back as allowed by the State Retirement System on a temporary basis to help train her replacement. Commissioner Adams stated succession planning and having individuals in place when employees leave needs to be addressed so the County does not find itself in this situation. Commissioner Faircloth concurred and stated this could have been accomplished six months ago, although he is not opposed to this situation. Commissioner Adams stated he was likewise not opposed in this situation.

MOTION: Commissioner Council moved to approve a temporary part-time Administrative Program Officer I position at Animal Control to be funded from February 6, 2017 through June 30, 2017.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (4-0)

5. CONSIDERATION OF APPROVAL OF CHANGE ORDER TO THE ANN STREET HAUL ROAD CONSTRUCTION CONTRACT

BACKGROUND:

At the November 2nd Board of Commissioners meeting, the Board approved to award a contract in the amount of \$346,293.75 to Bentley Development Company, Inc. for the construction of a new haul road for the Subtitle D landfill as well as Budget Ordinance Amendment B170037 in the amount out \$363,694. The budget amendment included a 5% contingency.

During construction, it was determined by Bentley Development Company, Inc. that the estimated depth of existing intermediate soil cover by the consulting engineer was underestimated. Therefore, additional intermediate soil cover needs to be purchased and placed by the contractor. The contractor's surveyor has determined that an additional 1,533 cubic yards of soil material is needed for intermediate cover. The contract is a unit price contract so a price for furnishing and installing the intermediate cover has already been established. This cost is \$36/cubic yard which results in an increase of \$55,188 for this line item.

Please keep in mind that regardless of the contractor selected for the project, they too would be facing the same scenario of having to provide more soil material for intermediate cover. Furthermore, because there was less intermediate cover than initially estimated, this meant there was more waste that had to be excavated and disposed of at the working face. The unit price cost of disposing of the excess waste is \$4.75/cubic yard. An additional 2,098 cubic yards of waste had to be moved, resulting in an increased cost of \$9,965.50.

In addition, the water truck owned by the County that is utilized for dust control broke down last week. Bentley Development Company, Inc. has a water truck on-site and has agreed to let the County utilize their truck for the price of \$700. This is significantly less than the County can lease a water truck from Gregory Poole.

Therefore, the Finance Committee is being asked to approve the change orders in the amount of \$65,853.50 for the additional soil material needed for intermediate cover and the use of the contractor's water truck until such time the County's truck is repaired.

RECOMMENDATION/PROPOSED ACTION:

The Solid Waste Director along with County Management recommends that the Finance Committee approve the following recommendations.

1. Approve a change order for the existing contract with Bentley Development Company in the amount of \$65,853.50 for the additional soil material needed for intermediate cover, the additional waste that had to be moved and the use of their water truck until such time the County's water truck is repaired.
2. Approve Budget Ordinance Amendment B171034 in the amount of \$65,854 for the Haul Road improvement project.

Please note this amendment requires the use of Solid Waste fund balance.

3. Authorize the County Manager to approve the change orders and necessary budget amendment upon the Finance Committee's approval to prevent any delays in the construction of the new haul road. This item will then be placed on the Board of Commissioner's agenda for the December 19th meeting to be retroactively approved by the Board of Commissioners.

Ms. Cardinali reviewed the background information recorded above. Ms. Cardinali stated this is a unit cost contract and this cost would have occurred regardless of the contractor because the contractor is not the source of the additional cover that is needed. Ms. Cardinali reviewed the recommendation/proposed action recorded above.

Commissioner Keefe asked whether the consulting engineer was a separate contract. Ms. Cardinal stated the contract with CDM was a separate contract. Commissioner Keefe asked whether CDM was bonded. Jerod Roberts, Solid Waste Director, stated he does not know whether CDM is bonded but they have been the consulting engineer for the landfill for several years. Commissioner Keefe stated he felt this is the result of an error by CDM. Jim Blackwell, Interim Solid Waste Director, stated this is a result of underground conditions, the quantities for which could not be exactly estimated, and this is why the unit price was utilized. Ms. Cardinali stated this is not unusual with a facility like a landfill and there is uncertainty about what is underneath or how compact it may be.

Commissioner Faircloth inquired about the Solid Waste fund balance. Ms. Cannon stated the Solid Waste enterprise fund must maintain a minimum of 8% according to policy. Ms. Cardinali stated she would relay Commissioner Keefe's concerns to Jeffrey Brown, Engineering and Infrastructure Director and CDM.

MOTION: Commissioner Edge moved to approve a change order for the existing contract with Bentley Development Company in the amount of \$65,853.50 for the additional soil material needed for intermediate cover, the additional waste that had to be moved and the use of their water truck until such time the County's water truck is repaired; to approve Budget Ordinance Amendment B171034 in the amount of \$65,854 for the Haul Road improvement project with this amendment requiring the use of Solid Waste fund balance; and to authorize the County Manager to approve the change orders and necessary budget amendment upon the Finance Committee's approval to prevent any delays in the construction of the new haul road. This item will then be placed on the Board of Commissioner's agenda for the December 19th meeting to be retroactively approved by the Board of Commissioners.

SECOND: Commissioner Council

VOTE: UNANIMOUS (4-0)

6. MONTHLY FINANCIAL REPORT

BACKGROUND:

The financial report is included as of October 31, 2016. Highlights include:

- Revenues
 - Overall revenues are consistent with this time last fiscal year, with one exception
 - Sales Tax collections are notably less for July 2017 compared with July 2016
- Expenditures
 - The areas of General Administration, Buildings & Grounds, total Law Enforcement, and Social Services show total year-to-date expenditures being less as a result of an accounting practice change implemented this fiscal year of not automatically rolling FY16 year-end encumbered amounts to FY17
 - General Government Other is higher because governmental utilities were consolidated within this line and encumbered for the entire fiscal year and last fiscal year they were not
 - Mental Health Other is significantly less as a result of the budgeted and contracted decrease of funds to Alliance Behavioral Health
- Crown center expense summary/prepared food and beverage and motel tax
 - Spectra is reporting slightly less overall operating expense compared with the same timeframe last fiscal year
 - Revenues of prepared food and beverage and motel tax are consistent with prior fiscal years

RECOMMENDATION/PROPOSED ACTION:

No action needed – for information purposes only.

Vicki Evans, Finance Director, reviewed highlights of the financial report as of October 31, 2016

as recorded above. Ms. Evans stated sales tax collections are down \$400,000 compared to last year for July sales. Ms. Evans explained the accounting practice change that resulted in some areas year-to-date expenditures being less and also explained Mental Health Other is significantly less because the County is not providing directly the full \$4.8 million as it has in the past; there was a decrease in this budget year to \$2.3 million.

Commissioner Keefe asked whether July sales tax collections were a concern since they were down from the last fiscal year and whether services sale taxes had any effect on this. Ms. Evans stated she did not think services sale tax had an effect and collections were down because non-profit refunds occurred in July. Ms. Cannon stated she did not think any conclusion could be reached about sales tax collections based on one month. Ms. Cannon stated tax collections are generally up and down and as collections continue, some conclusions may be able to be reached.

Commissioner Edge stated in the past, Cumberland County has compared its sales tax collections to other military communities.

7. OTHER ITEMS OF BUSINESS

There were no other items of business.

MOTION: Commissioner Edge moved to adjourn.

SECOND: Commissioner Council

VOTE: UNANIMOUS (4-0)

There being no further business, the meeting adjourned at 10:30 a.m.