

CUMBERLAND COUNTY FINANCE COMMITTEE
DEPARTMENT OF SOCIAL SERVICES-1225 RAMSEY STREET
CONFERENCE ROOM C
SEPTEMBER 6, 2018 – 8:30 AM
SPECIAL MEETING MINUTES

MEMBERS PRESENT: Commissioner Jimmy Keefe, Chairman
Commissioner Glenn Adams
Commissioner Marshall Faircloth

OTHERS: Commissioner Council
Amy Cannon, County Manager
Melissa Cardinali, Assistant County Manager
Tracy Jackson, Assistant County Manager
Duane Holder, Assistant County Manager
Rick Moorefield, County Attorney
Vicki Evans, Finance Director
Jeffery Brown, Engineering and Infrastructure Director
Brenda Jackson, Social Services Director
Deborah Shaw, Budget Analyst
Heather Harris, Budget Analyst
Geneve Mankel, Communications and Outreach Coordinator
Candice H. White, Clerk to the Board
Kellie Beam, Deputy Clerk
Press

Commissioner Keefe called the meeting to order.

1. CONSIDERATION OF APPROVAL OF MINUTES – AUGUST 2, 2018 SPECIAL MEETING

MOTION: Commissioner Adams moved to approve the August 2, 2018 special meeting minutes.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (3-0)

2. CONSIDERATION OF HEALTH AND BENEFITS BROKERAGE AND CONSULTING SERVICES AGREEMENT WITH CHERNOFF DIAMOND

BACKGROUND

In the fall of 2017 the County migrated its health benefits broker / consultant to Chernoff Diamond. Since that time, the scope of work was changed requiring Chernoff Diamond to complete a review of all ancillary benefits. Over the past year, Chernoff Diamond assisted the County with unwinding the non-compliant health savings account (HSA) before December 31, 2017. They also secured
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new ancillary benefit options for employees, set up a roll out strategy for open enrollment, and had benefits in place for the new plan year beginning July 1, 2018. Despite these significant changes, overall employee feedback has been positive. From a customer service aspect, Chernoff Diamond was able to:

- Lock in rates, 2-year dental, 4-year ancillary (some with reduced rates)
- Implement a new on-line employee benefits system
- Achieve personal service by setting up face-to-face meetings between employees and benefits counselors (80% participation rate)

While the original plan was to conduct a request for proposal (RFP) process in the fall of 2018, this strategy is not recommended. The primary goal of a new broker will be to conduct the same thorough analysis just completed by Chernoff Diamond. Since this analysis is so current, it would not be prudent to once again change ancillary benefits in the spring.

Therefore, management proposes a two-year agreement with Chernoff Diamond to allow the County to better maintain stability in the current health and ancillary plans. Prior to the end of the proposed two-year agreement, staff plan to solicit proposals through a competitive RFP process.

Please note: Within the proposed agreement, there are no direct payments required from the County. Chernoff Diamond receives standard carrier commissions from insurance carriers for compensation.

RECOMMENDATION/PROPOSED ACTION

Management recommends approval of a two-year agreement (January 1, 2019 through December 31, 2021) with Chernoff Diamond to provide employee health and benefits brokerage and consulting services.

Vicki Evans, Finance Director, stated at the August meeting of the Finance Committee, there was a request to bring information and a proposal back to the committee. Ms. Evans reviewed the background information recorded above.

Commissioner Faircloth inquired whether Chernoff Diamond could be asked to disclose the commissions they receive on products they recommend. Ms. Evans stated the County can make the request and they will provide that information. Commissioner Faircloth stated he felt having that information from a broker is important due to changes in the law regarding fiduciary responsibilities. Commissioner Faircloth stated the County needs to be sure what it is getting is not based on what Chernoff Diamond as the broker is getting, and his request for the disclosure is not a motion but a recommendation. Ms. Cannon explained the opportunity staff had with Chernoff Diamond, as opposed to previous brokers, to be more involved in selecting what would be offered to employees to ensure it was a right fit for them. In response to a question from Commissioner Keefe, Ms. Cannon stated part of Chernoff Diamond's responsibility is to continue

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to look for and find the best insurance for the county and for employees. Ms. Evans stated with Chernoff Diamond, prices did not increase, maintained overall and there were two decreases.

MOTION: Commissioner Faircloth moved to approve a two-year agreement, January 1, 2019 through December 21, 2021, with Chernoff Diamond to provide employee health and benefits brokerage and consulting services.

SECOND: Commissioner Adams

VOTE: UNANIMOUS (3-0)

3. CONSIDERATION OF REQUEST TO PARTICIPATE IN THE NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS (NCACC) COUNTY MANAGEMENT FELLOWSHIP PROGRAM AND BUDGET ORDINANCE AMENDMENT BR#190444

BACKGROUND:

As part of its commitment to helping develop the next generation of county managers, the NCACC created a Management Fellowship Program (MFP) in 2012. The program is modeled after the Local Government Management Fellowship administered by the International City-County Management Association (ICMA). The ICMA is a partner for the NCACC program.

Each year Master's in Public Administration (MPA) students apply to participate in the program. The NCACC screens the pool of applicants and then shares qualified applications with interested host counties. The host counties then choose which applicants to interview. The successful fellow is asked to make a 12 to 24-month commitment to the host county.

The host county is responsible for a reasonable salary and benefits, travel to events, providing a mentor and an environment for career learning experience. After a review by our Human Resources staff, it is recommended Cumberland County offer a salary of \$55,000 plus benefits. The NCACC requires a minimum salary of \$35,000 in order for the program to be affordable for smaller, rural counties. The NCACC will include the Fellow in its cohort; fund the Fellow's membership dues for the NC City-County Management Association (NCCCMA), as well as registration fees for the NCCCMA Winter and Summer seminars; waive any registration for NCACC events, including the Annual Conference, Legislative Goals Conference and County Assembly Day.

There are two timing options for participation. The main cycle coincides with the start of the fiscal year. Cumberland would post a Letter of Intent to Host on the ICMA website by October. ICMA would screen the applicants, forwarding qualified candidates to the NCACC for further review. If a Fellow is interested in Cumberland, and vice versa, he or she would begin their fellowship in July.

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The second cycle targets MPA students who may be graduating in December. The NCACC will reach out to UNC system MPA programs to put out a call for letters of interest and resumes. If there is any interest, the Fellow would begin in January.

The NCACC is extremely interested in seeking participation in the program from larger NC counties. If we choose to participate, Cumberland would be the largest county to do so. Cumberland County can provide a wide range of opportunities and experiences for a future manager. In return, the county will receive management level assistance for a variety of projects for a reasonable investment.

RECOMMENDATION/PROPOSED ACTION:

Management recommends approving participation in the NCACC / ICMA Management Fellowship Program beginning in January 2019 and Budget Revision #B190444 in the amount of \$39,500 for salary, benefits and training/travel. This revision will cover expenses for half of the fiscal year.

Melissa Cardinali, Assistant County Manager, reviewed the background information recorded above. Ms. Cardinali stated possible projects that come to mind for the fellow include sales tax, FEMA issues and the school funding agreement. Ms. Cardinali also stated the hope is that a fellow will be placed in Cumberland County or in one of the county's neighboring eastern North Carolina counties. Ms. Cardinali stated the NCACC will vet applicants and if Cumberland County is approved, it will work with the NCACC to try to recruit a graduate from December's class to begin in January, and if that is not possible, work to secure an MPA graduate for the July time period.

Commissioner Keefe asked about the fellow's tasks and responsibilities. Ms. Cardinal stated the county will have to show the NCACC that it has significant worthy projects that would give a manager the type of experience they can use. Ms. Cardinali stated shadowing would provide mentoring, leadership and new experiences, and the fellow would have tasks just like any employee in the county and held accountable for their responsibilities. Ms. Cannon stated county administration has a long list of projects, ideas and research items that are not moving at this point due to a lack of internal capacity. Additional questions and discussion followed. Ms. Cannon stated this can be seen as another level of succession planning and will grow leaders.

MOTION: Commissioner Adams moved to approve participation in the NCACC / ICMA Management Fellowship Program beginning in January 2019 and Budget Revision #B190444 in the amount of \$39,500 for salary, benefits and training/travel, with this revision covering expenses for half of the fiscal year.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (3-0)

Consensus followed for staff to target the October ICMA application process for two fellows for Cumberland County. Ms. Cardinali explained this would not change the budget revision numbers,

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would allow her to cast a broader net and know to include the second fellow in the FY20 budget.

4. MONTHLY UPDATES

A. HEALTH INSURANCE

BACKGROUND:

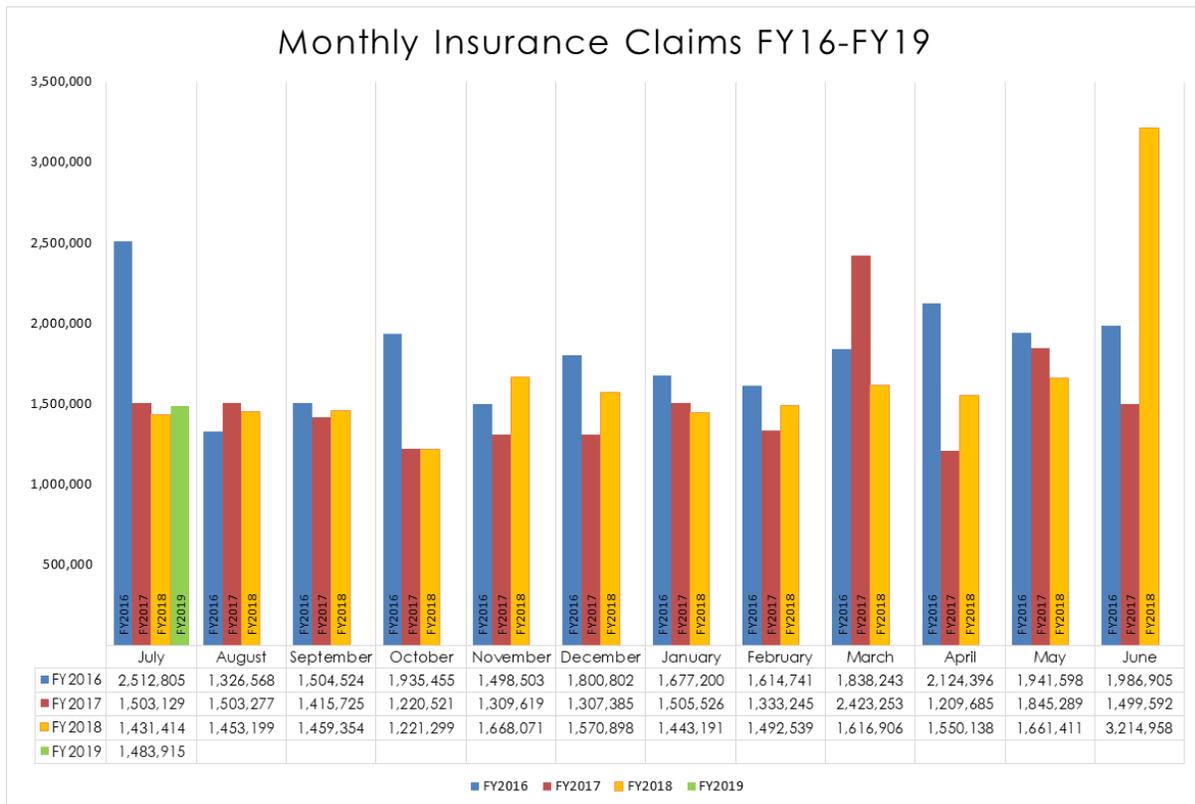
Total health insurance claims for FY19 are in line with FY18 at \$1,483,915 for the month of July. To provide some perspective on the claims, below is the 1-month average for the past 5 fiscal years. This average represents the average claims for July of each fiscal year. Additionally, graphs are provided as an aid to the analysis.

Average claims per fiscal year for July:

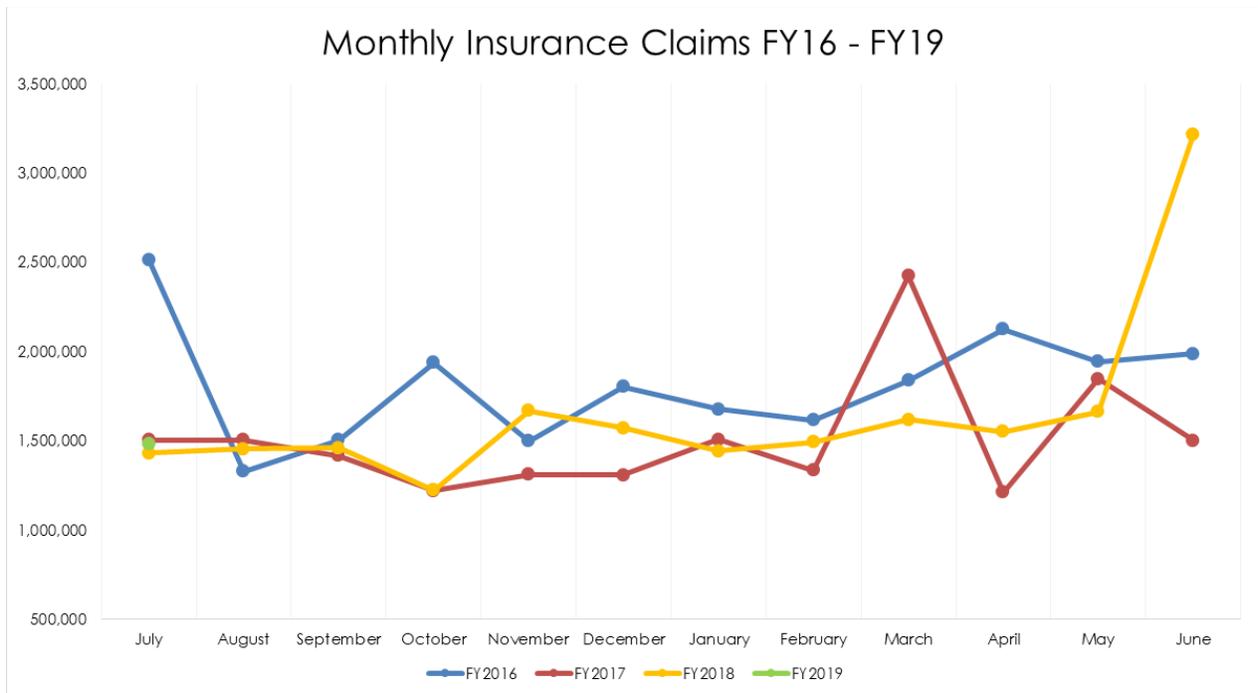
- FY15 \$2,001,709
- FY16 \$2,512,805
- FY17 \$1,503,129
- FY18 \$1,431,414
- FY19 \$1,483,915

RECOMMENDATION/PROPOSED ACTION:

No action needed – for information only.



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B. CDBG-DR

**CUMBERLAND COUNTY CDBG-DR PROGRAM UPDATE
FOR THE SEPTEMBER 6, 2018
FINANCE COMMITTEE MEETING**

Status as of August 30, 2018:

Total Applications	Application Intake (Step 1)	State Eligibility Check (Step 2)	State Duplication of Benefits Check (Step 3)	Under Further Review
265	74 (14 county/60 city)	18 (4 county/14 city)	133 (20 county/113 city)	23
Inspection & Environmental Review (Step 4)	Grant Determination (Step 5)	Contractor Selection (Step 6)	Construction (Step 7)	Completion (Step 8)
5 (1 county/4 city)	9 (4 county/5 city)	0	0	0

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

Note: 3 applications were withdrawn

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Milestones/Activities:

- Request for Project Management Proposal – Review completed – Discussion with potential proposer currently ongoing;
- Ongoing– County will process applications, incomplete applications and submit for review; State will determine eligibility; State will handle environmental review processes;
- County CD Rehab staff have conducted site inspections on properties that are in the Step 3 DOB stage – 8 completed;
- City CD staff have conducted site inspections on properties that are in the Step 3 DOB stage – 2 completed;
- State recently deployed damage assessment teams to assist with site inspections;
- State recently implemented and opened Regional Intake Centers – this will also allow applicants to apply at any center (non-Cumberland residents – 2 *Tier II Counties*)
- State anticipate Step 3 environmental reviews release possible August;
- RFP & Project form for State environmental review process – Robins Meadow Phase II; Day Resource Center in Homeless Initiative Committee for discussion on site determination –County & City Staff tour Transitions Homeless Center site in Columbia, SC 7/16/18 to explore the potential options for proposed project.

Current Staffing:

- State: – David Cauthorn, CD Specialist II, Dept. of Public Safety – (Community Outreach for CDBG-DR); temporary office at Cumberland County Planning Department
- Cumberland County:
 - Sylvia McLean, P.T. Community Development (CD) Consultant; Terrinique Washington, Admin Support Specialist; Tye Vaught, Admin Program Officer II; Chavaugh McLamb, Admin Housing Coordinator II
 - *Housing Project Manager – re-advertised 5/30/18*
- City of Fayetteville: Jay Reinstein and Cindy Blot, CD Director; Anedra Walls, Admin Assistant

C. FINANCIAL REPORT

BACKGROUND

The financial report is included which shows the fiscal year 2018 June year-to-date budget to actual (cash received/cash paid) comparison. The attached report shows results posted through August 23, 2018. Additional detail has been provided on a separate page explaining any percentages that may appear inconsistent with year-to-date budget expectations.

This should not be considered a final report for fiscal year 2018. Over the next several months, Finance will be working toward closing out the fiscal year and audit completion. You can expect updated monthly financial reports pertaining to fiscal year 2018 through October 2018 and a presentation of audit results in December. In November, we will begin reporting on fiscal year 2019 with a summary of results of the first quarter.

RECOMMENDATION/PROPOSED ACTION

No action needed – for discussion and information purposes only.

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REVENUES	FY16-17	FY17-18	FY17-18	YTD ACTUAL	PERCENT OF
	AUDITED	ADOPTED BUDGET	REVISED BUDGET	AS OF June 30, 2018	BUDGET TO DATE
Ad Valorem Taxes					
Current Year	\$ 156,131,527	\$ 160,312,162	\$ 160,962,162	\$ 163,194,457	101.4% (1)
Prior Years	1,046,732	1,121,000	1,121,000	1,105,826	98.6%
Motor Vehicles	17,683,864	18,070,242	18,070,242	18,788,786	104.0% (2)
Penalties and Interest	650,368	667,602	667,602	740,525	110.9%
Other	1,018,563	930,279	930,279	955,996	102.8%
Total Ad Valorem Taxes	176,531,054	181,101,285	181,751,285	184,785,590	101.7%
Other Taxes					
Sales	41,517,943	41,760,036	41,849,536	38,366,951	91.7% (3)
Real Estate Transfer	1,091,362	700,000	700,000	1,096,191	156.6%
Other	1,114,408	1,111,500	1,111,500	1,040,243	93.6%
Total Other Taxes	43,723,713	43,571,536	43,661,036	40,503,385	92.8%
Unrestricted & Restricted Intergovernmental Revenues	75,613,483	67,300,253	70,987,921	61,627,167	86.8% (4)
Charges for Services	13,832,010	12,056,608	12,083,527	13,100,993	108.4%
Other Sources (includes Transfers In)	8,945,521	6,988,890	7,045,838	7,754,366	110.1%
Proceeds Refunding Bonds		-	23,005,000	23,005,000	100.0%
Premium on COPS Sold		-	4,285,558	4,285,557	100.0%
County Closing Contribution		-	254,736	254,735	100.0%
Lease Land CFVMC	3,714,637	3,714,637	3,714,637	3,813,452	102.7%
Total Other	12,660,158	10,703,527	38,305,769	39,113,110	102.1%
Total Revenue	\$ 322,360,418	\$ 314,733,209	\$ 346,789,538	\$ 339,130,245	97.8%
Fund Balance Appropriation		8,889,652	16,834,681	-	0.0% (5)
Total Funding Sources	\$ 322,360,418	\$ 323,622,861	\$ 363,624,219	\$ 339,130,245	93.3%

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DEPARTMENTS	FY16-17	FY17-18	FY17-18	YTD ACTUAL	PERCENT OF
	AUDITED	ADOPTED BUDGET	REVISED BUDGET	EXPENDITURES AS OF June 30, 2018	BUDGET TO DATE
Governing Body	\$ 591,731	\$ 617,587	\$ 617,587	\$ 567,032	91.8%
Administration	2,515,558	1,501,201	1,501,201	1,368,086	91.1%
Public Affairs/Education	76,879	497,199	497,199	463,236	93.2%
Human Resources	30,245	828,896	828,896	788,221	95.1%
Print, Mail, and Design	754,908	875,345	861,871	681,404	79.1%
Court Facilities	55,786	129,370	173,610	149,298	86.0%
Facilities Maintenance	1,936,136	2,009,030	2,787,855	1,808,710	64.9% (1)
Landscaping & Grounds	606,364	607,577	612,237	573,921	93.7%
Carpentry	231,715	234,884	234,884	175,721	74.8%
Facilities Management	1,238,266	1,267,781	1,273,221	1,212,371	95.2%
Public Buildings Janitorial	721,041	710,946	710,946	697,720	98.1%
Central Maintenance	798,075	672,386	672,386	596,619	88.7%
Information Services	3,388,444	3,958,479	4,197,368	3,371,775	80.3%
Board of Elections	1,180,015	2,237,762	2,237,762	1,139,108	50.9% (2)
Finance	1,205,572	1,201,225	1,201,225	1,134,661	94.5%
Legal	668,776	813,554	813,554	693,389	85.2%
Register of Deeds	2,092,298	2,321,099	2,762,365	1,930,174	69.9%
Tax	5,567,709	5,589,154	5,620,154	5,060,380	90.0%
Debt Service	23,400,669	21,464,283	21,466,328	21,449,808	99.9%
General Government Other	3,828,293	4,237,882	4,688,400	2,988,829	63.7%
Sheriff	47,212,707	50,250,550	50,548,888	45,408,255	89.8%
Emergency Services	3,064,405	3,320,934	3,405,291	2,942,730	86.4%
Criminal Justice Pretrial	434,987	426,673	456,673	441,672	96.7%
Youth Diversion	325	25,000	25,000	9,549	38.2% (3)
Animal Control	2,932,986	2,922,717	2,947,717	2,859,626	97.0%
Public Safety Other (Medical Examiners, NC Detention Subsidy, etc.)	1,007,220	1,075,666	1,396,928	1,296,751	92.8%
Heath	22,269,462	22,506,054	23,558,013	20,891,358	88.7%
Mental Health	3,148,761	5,452,507	3,281,366	3,095,740	94.3%
Social Services	71,524,059	66,425,182	67,301,671	58,238,886	86.5%
Veteran Services	371,189	385,725	387,901	376,229	97.0%
Child Support	4,893,727	5,044,200	5,065,530	4,669,890	92.2%
Spring Lake Resource Administration	31,524	34,332	34,332	30,978	90.2%
Library	11,105,397	10,530,428	10,779,572	9,967,046	92.5%
Stadium Maintenance	110,288	117,296	117,296	92,194	78.6%
Culture Recreation Other (Some of the Community Funding)	312,816	268,069	268,069	268,069	100.0%
Planning	3,077,126	3,446,758	3,455,653	2,818,268	81.6%
Engineering	439,678	510,090	2,467,254	1,161,131	47.1% (4)
Cooperative Extension	570,083	705,596	705,596	541,386	76.7%
Location Services	357,095	447,221	423,300	289,743	68.4%
Soil Conservation	141,234	136,400	357,543	138,738	38.8% (5)
Public Utilities	87,442	110,270	95,092	87,866	92.4%
Economic Physical Development Other	20,000	20,000	20,000	20,000	100.0%
Industrial Park	3,296	23,148	23,148	1,117	4.8% (6)
Economic Incentive	420,423	548,418	710,918	462,345	65.0% (7)
Water and Sewer	-	250,000	379,330	-	0.0% (8)
Education	91,394,940	93,341,404	94,080,904	92,013,115	97.8%
Other Uses:					
Transfers Out	2,264,613	3,522,583	10,028,936	7,091,687	70.7% (9)
Refunding of 2009A and 2011B LOBS		-	27,543,249	27,531,480	100.0%
TOTAL	\$ 318,084,263	\$ 323,622,861	\$ 363,624,219	\$ 329,596,310	90.6%

Expenditures by Category	FY16-17	FY17-18	FY17-18	EXPENDITURES AS OF	PERCENT OF
	UNAUDITED	ADOPTED BUDGET	REVISED BUDGET	June 30, 2018	BUDGET TO DATE
Personnel Expenditures	\$ 131,620,131	\$ 136,744,346	\$ 134,194,076	\$ 120,321,940	89.7%
Operating Expenditures	158,133,695	157,914,300	165,411,909	149,817,034	90.6%
Capital Outlay	2,118,869	3,460,456	4,158,601	2,579,226	62.0% (10)
Debt Service	23,946,955	21,981,176	21,983,221	21,966,702	99.9%
Refunding of 2009A and 2011B LOBS	-	-	27,543,249	27,531,480	100.0%
Transfers To Other Funds	2,264,613	3,522,583	10,333,163	7,379,928	71.4%
TOTAL	\$ 318,084,263	\$ 323,622,861	\$ 363,624,219	\$ 329,596,310	90.6%

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Fiscal Year 2018 - June Year-to-Date Actuals (Report Run Date: August 23, 2018)	
Additional Detail	
General Fund Revenues	
*	
(1)	Current Year Ad Valorem - 101.4% of budget, 99.17% collection rate.
(2)	Motor Vehicles - 104.0% of budget.
(3)	Sales Tax 91.7% - YTD Actual reflects 11 months of collections.
(4)	Unrestricted/Restricted Intergovernmental Revenues 86.8% - revenue accruals for year-end are not yet finalized.
(5)	Fund Balance Appropriation 0% - Direct entries are not made to fund balance.
General Fund Expenditures	
**	
(1)	Facilities Maintenance 64.9% - Conference Room renovation to be completed in July. This re-appropriation to the FY19 budget was approved at the August 6, 2018 BOCC's meeting.
(2)	Board of Elections 50.9% - Capital purchase budgeted for \$809,045 will not be purchased until FY19.
(3)	Youth Diversion 38.2% - Not staffed the entire fiscal year.
(4)	Engineering 47.1% - Incomplete project (stream debris removal) funded by a grant in FY18 will be requested for re-appropriation during FY19.
(5)	Soil Conservation 38.8% - Incomplete projects (stream debris removal) funded by a grant in FY18. This re-appropriation to the FY19 budget was approved at the August 6, 2018 BOCC's meeting.
(6)	Industrial Park 4.8% - Maintenance at Cedar Creek Industrial Park did not occur in FY18.
(7)	Economic Incentive 65.0% - 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 were not utilized.
(9)	Transfers Out 70.7% - Transfers out typically occur at year end and are not yet complete.
(10)	Capital Outlay 62.0% - Board of Elections capital equipment and FTCC capital outlay budgeted but not incurred or encumbered makes up the majority of unutilized budget.

There were no questions or discussion regarding the reports recorded above.

5. OTHER ITEMS OF BUSINESS

MOTION: Commissioner Adams moved to adjourn.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (3-0)

There being no further business, the meeting adjourned at 8:50 a.m.

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