

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
MAY 26, 2015 – 7:00 PM
117 DICK STREET, 1ST FLOOR, ROOM 118
SPECIAL MEETING – FY16 PROPOSED BUDGET PRESENTATION
SPECIAL MEETING MINUTES

PRESENT: Commissioner Kenneth Edge, Chairman
Commissioner Marshall Faircloth, Vice Chairman
Commissioner Glenn Adams
Commissioner Jeannette Council
Commissioner Charles Evans
Commissioner Jimmy Keefe
Commissioner Larry Lancaster
Amy Cannon, County Manager
James Lawson, Deputy County Manager
Melissa Cardinali, Assistant County Manager
Tracy Jackson, Assistant County Manger
Vicki Evans, Finance Director
Kelly Autry, Finance Department
Bob Tucker, Finance Department
Todd Hathaway, Finance Department
Deborah Shaw, Finance Department
Keith Todd, Information Services Director
Jeffrey Brown, Engineering and Infrastructure Director
Bobby Howard, Solid Waste Management Director
Brenda Jackson, Social Services Director
Eric Redrick, Veteran Services Director
Ron Cooper, Central Maintenance Facility Director
Sally Shutt, Governmental Affairs Officer
Candice White, Clerk to the Board
Press

Chairman Edge called the meeting to order and stated the purpose of the meeting was for the FY 2016 recommended budget presentation. Chairman Edge provided the invocation and led the Pledge of Allegiance to the American flag.

Chairman Edge called on Amy Cannon, County Manager, to present the FY2016 recommended budget for the Board’s review and consideration. Ms. Cannon stated at the end of her presentation, she will share with the Board a new initiative that will define a path for streamlining the organization and becoming more efficient.

Ms. Cannon began her presentation by providing the following information:

Recommended Budget FY 2016
Countywide Total \$526 million
General Fund Total \$319 million
This represents an increase of \$4.5 million or 1.44% from Fiscal Year 2015
Tax Rate 74¢ per \$100
1 penny on Tax Rate = \$2.2 million in revenue

Ms. Cannon reviewed the current year revenue projections/considerations below and stated this is the seventh consecutive year in which the Tax Office has achieved a collection rate above 99%.

Current Year Considerations

Real and personal property collections

- Will bring in \$1.7 million over budget (99.07% collection percentage)
- Motor vehicles estimated to bring \$1.4 million above budget resulting from Tax & Tag initiative

Sales tax collections

- Have rebounded this budget year \$1.45 million over budget representing a 4% increase

Budget Development Considerations

Ms. Cannon stated Cumberland County, our state and the nation have faced unprecedented economic challenges. Ms. Cannon stated increased demand for services and increased operational costs outweigh available revenue. Ms. Cannon stated all are faced with uncertainties as they relate to local revenue streams, General Assembly actions, military and troop strength and federal spending.

Ms. Cannon stated the FY16 recommended budget was developed around the following:

- Strategic goals and objectives
- Maintaining core services
- Honoring fiscal policies

Ms. Cannon stated although the recommended budget has a one-year focus, all new budget initiatives must be viewed from a much broader perspective realizing that any decisions made this budget year will have an effect on future budgets. Ms. Cannon stated the guiding principles in developing the FY16 recommended budget were the following:

- Financial sustainability
- Balancing financial sustainability with increased demand and goal of excellent customer service

Ms. Cannon stated the following four key funding priorities have been identified and coincide with the strategic plan's goals and objectives:

- Investment in our workforce
- Customer service
- Infrastructure repairs & maintenance
- Technology

Ms. Cannon stated the two largest sources of revenue supporting the General Fund are local property taxes and sales taxes. Ms. Cannon stated these revenue sources constitute 66% of total revenue in the General Fund. Ms. Cannon presented the following:

Revenue: Ad Valorem

- **\$167,875,711**
 - 53.7% of total revenue
 - Motor vehicles under Tax & Tag Together **\$15.7 million** - Projected increase of \$1,571,299
 - Combined projected natural growth **\$3,274,843** (2%)

Revenue: Sales Taxes

- 12.4% of total revenue
- \$39 million, an increase of \$2.2 million projected

Ms. Cannon reviewed the Fund Balance information below and stated the policy limits appropriations to no more than 3% of recurring expenditures and sets forth a minimum unassigned fund balance goal of 10%. Ms. Cannon stated this is almost the same amount of Fund Balance that was appropriated in FY15.

Fund Balance

- \$7.9 million appropriated for recurring expenditures
- Within fund balance policy parameters

Expenditure Highlights

Ms. Cannon reviewed the General Fund base budget for FY16 and supplemental requests submitted by county departments and stated although there was some revenue growth in FY15, it is still limited and not enough to cover all of the supplemental requests.

General Fund Base Budget \$308 million

Supplemental Requests \$21.4 million

- 113 new positions
- 41 vehicles
- \$641,229 in capital outlay
- \$821,466 for maintenance and renovations

Funding Allocation Focus

Ms. Cannon stated due to the limited revenue growth projected in the upcoming fiscal year, management had to make some difficult decisions in balancing the FY16 recommended budget. Ms. Cannon reviewed the following funding allocation areas of focus:

- Allocate funding in support of strategic plan
- Continue mission of providing quality services while being fiscally responsible
- Address increased service demands
- Allocate funding to the extent it is considered financially sustainable

Ms. Cannon summarized the four key funding priorities, allocated dollar amounts and sources of revenue assigned to each priority. Ms. Cannon stated the priorities align with the core values and strategic goals and objectives.

Expenditure Increases by Priority

Funding Priority	Source
Investment in workforce (\$2.3 million)	Projected revenue growth
Customer service (\$669,850)	Projected revenue growth
Infrastructure: - Routine (\$1.1 million) - CIP (\$9.5 million)	- Assigned fund balance - Installment financing
Technology (\$881,540)	Projected revenue growth

Funding Priority: Workforce

Supports our goal of retaining motivated, professional and well-trained personnel who offer excellent customer service with **PRIDE**.

Ms. Cannon stated employees are the County’s greatest resource and the workforce funding priority accomplishes a top priority established by the Board earlier in the year. Ms. Cannon stated County employees have not received a cost-of-living adjustment since the 2% increase in FY13 and the recommended 3% cost-of-living increase will equate to \$2.3 million.

Ms. Cannon stated continued emphasis on employee wellness initiatives and strategies further demonstrates a commitment to County employees. Ms. Cannon stated wellness programs are a strategic investment in improving the well being of the workforce and the focus has been to create programs for positive lifestyle changes. Ms. Cannon briefly reviewed some of the programs and stated the bottom line is that the welfare of County employees has a direct impact on the County’s success.

Funding Priority: Customer Service

Supports our core value of serving our citizens with professionalism, respect, integrity, diversity and excellent customer service (**PRIDE**).

Ms. Cannon stated homelessness is another top priority identified by the Board and was also an initiative identified by the Fayetteville City Council; the County will partner with the City and address homelessness as a community issue. Ms. Cannon referenced the May 14 joint meeting on homelessness and reviewed the following:

Homelessness \$100,000

Partner with the City

- Short-term goals
 - Establish coordinator position
 - Identify needs of homeless/resource referral

- Long-term considerations

- Develop coordinated case management
- Potential establishment of an intake center

Ms. Cannon stated the thirteen new positions below are recommended in areas where the County has experienced difficulty in providing timely services to citizens; these positions have been recommended as a result of the two important factors: departments developing strategies and increased demand that cannot be managed without additional personnel. Ms. Cannon provided a brief overview of the recommended new positions and funding allocations in Emergency Services, Child Support, the Sheriff’s Office and Health Department.

New Positions \$569,850
4 Emergency Services (\$174,778)
3 Child Support (\$50,831)
4 Sheriff (\$231,053)
2 Health Department (\$113,188)

Funding Priority: Repairs and Maintenance

Supports strategic goal of providing adequate infrastructure and specifically addresses the objective of ensuring our facilities are well-maintained.

Ms. Cannon stated last year a goal was established to develop a plan to proactively fund and maintain the County’s facilities, and a professional evaluation was done on three projects for a total multi-year plan of \$9.7 million. Ms. Cannon stated management believes that protecting the County’s investment in its facilities is critical and due to the significant costs to catch up and proactively fund an ongoing maintenance program, management recommends installment financing to fund the first three years of the plan. Ms. Cannon stated the recommended budget includes the projected debt service payment for FY2016.

GENERAL FUND					
PROJECTS	FY2016	FY2017	FY2018	FY2019+	TOTAL
Parking Lot Repair/Resurfacing	\$739,500	\$ 274,500	\$ 339,000	\$ 910,000	\$ 2,263,000
Roof Repair/Replacement	1,134,854	559,849	1,140,202	2,055,230	4,890,135
Building Exterior Improvements	1,738,440	420,480	168,240	236,880	2,564,040
TOTAL GENERAL FUND	\$3,612,794	\$1,254,829	\$1,647,442	\$3,202,110	\$ 9,717,175

Ms. Cannon stated based on the significant funds needed for repairs and maintenance of the County’s facilities, it is recommended that the focus be on accomplishing these repairs and that new or expanded building projects be delayed.

Ms. Cannon also reviewed the \$1.1 million allocated for building and mechanical repairs as follows:

- Detention Center boilers \$198,000
- Boilers/chillers/various facilities \$255,400
- Detention Center/Courthouse cameras \$330,000
- Cleaning exteriors/windows \$180,000

Funding Priority: Technology

Addresses the strategic objectives of advancing the County's automation capabilities, optimizing service delivery through innovation, automation and technology, and enhancing current services and creating new service opportunities.

Ms. Cannon stated the County has made significant progress in advancing its automation and technology capabilities and the County's technology infrastructure requires an annual funding to protect and enhance its technology backbone. Ms. Cannon briefly reviewed the following:

Network upgrades \$271,200

- Veterans Services \$8,000
- GIS \$22,340

VoIP final phase \$480,000

Replace computers \$ 89,000

- Health Department, Library

Ongoing Technology Solutions

Ms. Cannon provided an overview of the multi-year technology improvements of the Enterprise Resource Planning (ERP) and the Enterprise Content Management (ECM) systems. Ms. Cannon stated these projects will increase operational efficiencies, advance the County's green initiative and assist with records management and retention.

Ms. Cannon introduced the Business Solutions Division (BSD) of the Information Services Department and stated this new division was created this budget year by realigning existing budgeted positions. Ms. Cannon stated this new division will thoroughly review, document and analyze the County's business processes.

Other Highlights

Ms. Cannon provided highlights of other appropriations included in the recommended budget as outlined below:

Education

- Board of Education \$77,894,330
 - An increase of \$911,446 (based on formula approved in the school funding agreement last year)
- FTCC \$10,104,516
 - An increase of \$456,588

Vehicles

Sheriff's Office

- 20 replacement \$965,045
- 4 related to new positions \$186,104
- 1 Detention Center van \$30,300

3 Hybrids \$71,544

- 2 Tax Administration
- 1 DSS

2 Replacement trucks \$46,640

- Landscaping
- Animal Control

DSS Considerations

Ms. Cannon stated DSS requested 65 new positions with an estimated County match of over \$1 million to assist with NC FAST system issues and re-certifications, the Medicaid application backlog, the Affordable Care Act annual enrollment process and to eliminate mandatory overtime. Ms. Cannon stated funding for 42 time-limited and 3 temporary positions has been in place for over 18 months to assist with these issues. Ms. Cannon stated of the 65 new positions, 45 permanent positions would replace the 42 time-limited slots and 20 would augment other areas. Ms. Cannon stated based upon financial uncertainties, continued sustainability of this significant County match is a concern. Ms. Cannon stated although the recommended budget does not include funding for the 65 new positions, it does include continued funding for 25 time-limited slots.

Ms. Cannon stated to fully assess the request for 65 new positions, she is recommending a multi-step review process that will take place over the next 18 months. Ms. Cannon explained the following steps:

- NC DHHS review
- Alternative strategies
- Analyze business processes
If new positions are considered sustainable and are approved, phase in positions as time-limited slots are phased out
- Report results to Finance Committee

Ms. Cannon stated she had a detailed conversation with DSS Director Brenda Jackson who had a positive response to this recommendation and has committed her support working through this multi-step process to find a long-term solution the issues she is facing with staffing needs.

Other Considerations

Ms. Cannon stated Solid Waste operating costs continue to increase and landfill operations cannot be sustained indefinitely as expenses increase and revenue remains flat or at 1991 levels. Ms. Cannon reviewed the following:

Solid Waste Enterprise Fund

- \$8 million to construct landfill cells 9 and 10
- \$4.6 million to partially close cells 1-4
- Over the next 12 months, review \$48 landfill fee during FY2016

Last Year's Conclusion

Ms. Cannon stated last year's philosophy moving forward was to define the County's core functions, to develop a more efficient organization and to emphasize technology as a way to enhance excellent customer service. Ms. Cannon stated she holds to that philosophy today and last year department heads were asked to review operations, develop solutions to streamline service delivery and create efficiencies to save money; however, the tools or means to achieve these goals were not provided.

Business Intelligence

Ms. Cannon stated this year the tools or means to achieve these goals will be provided through the new initiative or path of Business Intelligence. Ms. Cannon explained Business Intelligence will:

- Provide tools and techniques to identify, develop, create new business opportunities
- Maximize existing resources
 - Address customer service gaps
 - Respond to increasing demand for services without a customary default of adding new positions
- Provide objective information about business processes to help the County work smarter.

Ms. Cannon stated recommendations to expand the Enterprise Solutions Division (ESD) include 2 new business analyst positions and expanding the focus beyond technology by reviewing all County business processes.

Ms. Cannon stated success will require a buy-in of the Board of Commissioners and all County departments, and the ESD will work collaboratively with all departments to streamline processes to create efficiencies and enhance customer service. Ms. Cannon stated this will create an internal partnership based on Business Intelligence. Ms. Cannon reviewed the following:

- 6-member Business Intelligence Committee will internally review recommendations
- Reports/recommendations will go to Finance Committee
- Enterprise Solutions Division's first priority shall be to review DSS business processes
 - Food and Nutrition
 - Medicaid

Conclusion

Ms. Cannon stated financial sustainability poses a challenge in a constrained revenue environment with the continually increasing demand for services. Ms. Cannon stated the path to financial sustainability and excellent customer service is to establish internal partnerships between ESD and County departments and embrace philosophy that supports Business Intelligence.

Ms. Cannon reviewed the budget meeting schedule as recorded below and stated the FY16 recommended budget has been uploaded to the county's website.

Thursday, May 28, 2015	5:30 PM	Budget Work Session	Room 564
Tuesday, June 2, 2015	7:00 PM	Budget Public Hearing	Room 118
Thursday, June 4, 2015	5:30 PM	Budget Work Session/Dept. Head Appeal	Room 564
Monday, June 8, 2015	5:30 PM	Budget Work Session	Room 564
Wednesday, June 10, 2015	5:30 PM	Budget Work Session/Adopt Budget	Room 564

Chairman Edge provided closing remarks.

MOTION: Commissioner Evans moved to adjourn.
SECOND: Commissioner Council
VOTE: UNANIMOUS (7-0)

There being no further business, the meeting adjourned at 7:40 p.m.

Approved with/without revision:

Respectfully submitted,

Candice H. White
Clerk to the Board