

**CUMBERLAND COUNTY  
FINANCE COMMITTEE MEETING  
THURSDAY, MAY 4, 2000, 8:30 AM**

**Present:** H. Mac Tyson II, Chairman  
Billy R. King, Commissioner  
Cliff Strassenburg, County Manager  
James Martin, Deputy County Manager  
Juanita Pilgrim, Assistant County Manager  
Doug Canders, Staff Attorney  
Amy H. Cannon, Finance Director  
Tonya Harris-Council, Public Information Director  
James Silman, Risk Management Director  
Rhonda C. Raynor, Deputy Clerk to the Board

**Absent:** Ed G. Melvin, Commissioner

**Others:** Owen Spears, SCS Direct Mail Marketing  
Greg Stadermann, SCS Direct Mail Marketing  
Press

**INVOCATION:** Commissioner King offered the invocation.

**1. Approval of Minutes: April 6, 2000.**

**MOTION:** Commissioner King offered a motion to approve the April 6, 2000 Finance Committee meeting minutes.  
**SECOND:** Commissioner Tyson  
**VOTE:** UNANIMOUS

**2. SCS Direct Marketing/E-Billing Presentation.**

**BACKGROUND:** In August of 1999 the Finance Committee gave approval for management to move forward in evaluating electronic bill presentment systems. At that time, Mr. Greg Stadermann of SCS Direct Mail Marketing provided a demonstration of his company's electronic bill presentment system (EBP) that will allow persons to pay taxes via the Internet. Paying accounts via the Internet is not new, but the method Mr. Stadermann's systems employs generates the bill in the same format as the County's current bills and transmits the bill to the taxpayer's computer. The taxpayer can review the bill and pay the bill by direct bank authorization without the use of the Postal Service or our normal lockbox processing. That means more timely receipt of monies. What is unique about this service is the taxpayer can link directly to the tax office via E-mail and other "links" to examine tax account information. Not only is the Postal Service eliminated as the middleman, but customer service is also enhanced in the process. There is an initial set up fee, but once the fee is set up the cost of e-bills is approximately one-half the cost of a normal bill. Mr. Stadermann has stated the system will pay for itself once we reach 1000 bills per month, or sooner if the County elects to allow companies to advertise on the system.

In August of 1999, the service was under development and Mr. Stadermann offered to make a more detailed presentation at a later time. Now that the system is complete, it is appropriate to take another look at the system and evaluate it against alternative methods of electronic bill presentment. The County has also reviewed a system from Openshaw Media Group of Birmingham, Alabama.

Electronic bill presentment represents an opportunity to reduce the cost of the County's operations and eliminate the float associated with postal mail.

**Presentation by Mr. Greg Stadermann of SCS Direct Mail Marketing**

Mr. Stadermann noted SCS Direct Mail Marketing already prepares the County's printed bills. E-bills can be generated from the information already being received from the tax office. Therefore, the County would only be dealing with one vendor. They wanted to make this process affordable for the County and E-bills will cost one half the price of a paper bill. He believes that once the County has 6% of its tax bills done via the Internet, the process will save the County money on billing. If businesses were allowed to advertise on the County's site, the county would end up making money on the E-billing service.

The taxpayer will receive a paper bill, which will have information about how to begin receiving the bill via the Internet. The taxpayer would then decide whether to continue with the paper bill or receive it via the Internet.

Mr. Stadermann then walked the committee through the process a taxpayer would go through to pay a County tax bill on the Internet. On the Internet, the citizen would be able to view all the information about the bill and would have the option to pay by Visa, Master Card or direct debit. The taxpayer would then receive a payment confirmation. The taxpayer could also send e-mail to the County with an opinion or question about the tax bill and would receive a response within 24 hours from the tax department. He believes the County's commercial customers would be paying their bills this way soon and that would equal 10% of the county's bills.

Mr. Stadermann then reviewed the fees charged to businesses that wished to advertise on the County's site. The County could receive .10 per advertiser for every bill. He noted SCS had been in the bill presentment and bill payment business for over 20 years. They have been developing E-billing for several years.

Mr. Stadermann noted paying a tax bill or any bill electronically is much faster than writing a check and mailing it. He noted his company has been speaking with the Tax Administrator and wanted to make an updated presentation to the Finance Committee. He noted SCS does billing for 33 counties in North Carolina. He noted Wake County would begin E-billing in June of this year.

Mr. Martin asked how citizens would receive knowledge of this service. Did he understand correctly that it would initially be done through a paper bill?

Mr. Stadermann advised Mr. Martin that taxpayers would initially be made aware of the E-billing service on their paper tax bill. He noted the county could also consider doing some public relations advertising to get taxpayers signed-up for the service. He noted the payments would be going from one bank account to another. This is a secure system.

Mr. Martin asked if a taxpayer would be given any knowledge of the County's bank account.

Mr. Stadermann advised no taxpayer would gain information on the County's bank account nor would the County be able to gain any knowledge of the taxpayer's bank account.

Commissioner King asked if Mr. Stadermann had any idea of how many citizens in the County may enroll in the E-billing process.

Mr. Stadermann advised he feels approximately 4-6% of taxpayers would enroll in the service initially. He feels business customers would enroll and there would be a number of military members to enroll.

Chairman Tyson asked Mr. Stadermann what the initial fee to set up this process would be.

Mr. Stadermann advised the initial set-up fee would be \$40,000. The first installment would be \$10,000 due at the time the contract is signed. They would then try to tie the rest of the funds into the percentage of enrollment. There is also a \$300.00 per month maintenance fee. This fee would keep the system up-to-date. The County would not have to maintain any of the hardware or software needed for this system. There is also a charge of .30 per each E-bill that is sent out.

Commissioner King asked how many vendors Mr. Stadermann felt would be involved in advertising on the County's site.

Mr. Stadermann advised he has spoken with some vendors and feels the situation could be handled much like an auction where businesses would bid on how much they would pay to be on the site. There is a great deal of interest in this type of advertising as it is a very valuable tool for businesses.

Mr. Strassenburg asked if there had been any progress with his company looking to supply a public access terminal where a taxpayer could find their bill and pay on site with a credit card.

Mr. Stadermann stated he has not done the research on this process but feels it could be done.

Chairman Tyson stated the biggest negative side to this process would be in the event that a hacker was able to get into the County's bank account. The County could have the tax payments go into a separate account that collects from each day. He would also like to have a signature on a release on file from each taxpayer that is getting their tax bills on the Internet that would protect the County if a taxpayer may have a problem with the advertisements on the site. He asked Mr. Stadermann if he was aware of any type of court action with regard to advertisements on governmental sites.

Mr. Stadermann advised they had a staff person that has worked on this issue and discussed the matter with the Utilities Commission. They can find nothing that would prohibit the County from allowing these advertisements on their site.

Mr. Strassenburg asked if Wake County would have advertisements on their site.

Mr. Stadermann advised Wake County had not yet made a decision with regard to advertisements on their site.

Chairman Tyson asked Mr. Strassenburg what type of decision management needed from the Committee at this point.

Mr. Strassenburg stated management is still exploring a few ideas in this area and would need authorization from the committee to continue investigating this matter.

**MOTION:** Commissioner King offered a motion to allow management to continue exploring this matter.  
**SECOND:** Chairman Tyson  
**VOTE:** UNANIMOUS

3. **Other Committee Concerns.**

A. Doctors Direct Healthcare

Mr. Martin noted the letter dated April 6, 2000 from Doctors Direct Healthcare advising they wished to withdraw their proposal.

Mr. Strassenburg noted Doctors Direct is continuing to work out the "kinks" in their plan.

Mr. Silman advised the third party administrator could not handle the work and they want time to work out these problems.

B. Term Life Insurance Renewal

**BACKGROUND:** In 1997 the Board of County Commissioners contracted with Canada Life, through Mark II Brokerage Inc., to provide Life with Dependent Life, Accidental Death and Dismemberment, and Optional Employee Life coverage(s) for Cumberland County Government for a period of three years. The three-year contract expired on March 1, 2000 and is running month to month.

On March 1, 2000 Canada Life raised the county portion of insurance coverage by \$0.04 per \$1,000.00 and the optional life coverage by \$0.05 per \$1,000.00 with a one-year rate guarantee. Mark III Brokerage, Inc. requested quotes from other vendors and received a quote from Aetna which will reduce the county portion of insurance coverage by \$0.03 per \$1,000.00 and optional life coverage will be reduced by \$0.05 per \$1,000.00 with a two-year rate guarantee. Aetna has agreed to a "no loss, no gain" provision for all persons currently insured.

**RECOMMENDATION:** That the Finance Committee recommend to the Board of County Commissioners to allow the Risk Manager to enter into a two-year contract with Aetna for Dependent life, Accidental Death and Dismemberment, and Optional Life coverage(s) for Cumberland County Government effective July 1, 2000.

Mr. Silman advised the County did not want anyone to lose enrollment in the plan. Aetna provided the "no loss, no gain" and reduced the rates as well. The new plan saves the County a little over \$4,000 per year.

**MOTION:** Commissioner King offered a motion to recommend to the Board of County Commissioners to allow the Risk Manager to enter into a two-year contract with Aetna for Dependent Life, Accidental Death and Dismemberment, and Optional Life coverage(s) for Cumberland County Government effective July 1, 2000.  
**SECOND:** Chairman Tyson  
**VOTE:** UNANIMOUS

Meeting adjourned at 9:16 AM.