

CUMBERLAND COUNTY FINANCE COMMITTEE
NEW COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
NOVEMBER 1, 2012 - 9:30AM
MINUTES

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

OTHER COMMISSIONERS

PRESENT: Commissioner Jimmy Keefe
Commissioner Marshall Faircloth
Commissioner Billy King
Commissioner Charles Evans

OTHERS:

James Martin, County Manager
Amy Cannon, Deputy County Manager
James Lawson, Assistant County Manager
Rick Moorefield, County Attorney
Howard Abner, Assistant Finance Director
Kelly Autry, Accountant
Karen Long, Crown Coliseum General Manager
George Turner, Civic Center Commission Member
Ryan Aul, Civic Center Commission Member
Lisa Foster, Crown Coliseum Finance Manager
Dr. Mark Chandler, Mental Health Medical Director
Hank Debnam, Mental Health Director
Claretta Johnson, Mental Health Assistant Director
Candi York, Mental Health Business and Finance Manager
Sally Shutt, Chief Public Information Director
David Allred, CREST Board Chair
Dwayne Patterson, CREST Executive Director
Leonard Hedgepeth, RALM
Candice H. White, Clerk to the Board
Press

Commissioner Edge called the meeting to order.

1. APPROVAL OF MINUTES – October 4, 2012 Regular Meeting

MOTION: Commissioner Melvin moved to approve the minutes.

SECOND: Commissioner Council

VOTE: UNANIMOUS (3-0)

2. PRESENTATION OF CROWN COLISEUM ANNUAL BUSINESS PLAN REPORT

Karen Long, Crown Coliseum General Manager, stated on April 5, 2012 the first bi-annual presentation was made to the Finance Committee during which the Finance Committee took action to reduce the frequency of business plan reports it wished to receive to an annual basis beginning in October, 2012. Ms. Long stated in September, 2012, a request to postpone the October, 2012 report was approved by Finance Committee Chairman Edge. Ms. Long further stated the Crown Business Plan Annual Report was presented to and approved by the Civic Center Commission. Ms. Long stated the business plan report will include a business plan administrative update and objectives, and a finance and marketing and sales dashboard report.

For the administrative update, Ms. Long stated the Crown Coliseum organizational chart was revised for fiscal year 2012-2013 consistent with the position classification and pay plan approved by the Board of Commissioners.

Ms. Long reviewed performance indicators that serve as measures to most accurately represent the business plan report and resource activities implemented by staff to achieve the goals designated by the performance indicators to ensure fiscally responsible management throughout the entire Crown Center as follows:

Performance Indicators

- 1.5% Drop Count Increase
- 1% Event Contribution Increase
- 8% or greater year end net budget contribution

Resources and Activities:

- Cold calls
- Distribution of promotional materials
- Networking
- Media
- Group sales

Ms. Long highlighted fiscal year 2012-1013 objectives and performance indicators as follows:

Objective 1:

- Increase the number of visitors/patrons to the Crown Center

Performance Indicators:

- Achieve 1.5% or greater increase in drop count compared to year end numbers for Fiscal Year 2012
- Total drop count for Fiscal Year 2012 was 518,677
- Goal: Increase drop count by 7,780 for a total of 526,457

Objective 2:

- Ensure equitable contracts with promoters

Objective 3:

- Ensure efficient and effective staffing for events

Objective 4:

- Ensure risk assessment is measurable for programming in relation to sponsored events

Performance Indicators:

- Achieve 1% or greater increase in event contribution compared to year end numbers for Fiscal Year 2012
- Total event contribution for Fiscal Year 2012 was \$1,357,314
- Goal: Increase event contribution by \$13,573 for a total of \$1,370,887

Objective 5:

- Manage the resources of the Crown Center in a fiscally responsible manner

Performance Indicator:

- Goal: Year-end net contribution to budget be 8% or greater of total event and non-event revenue for Fiscal Year 2013

Ms. Long reported the Crown Coliseum management continues to monitor overtime and adjust work schedules to reduce overtime of contracted services, on-call employees and contract employees. Ms. Long further reported the Crown Coliseum strives to be self-sufficient with regards to maintenance and repair. Ms. Long stated since the April 5, 2012 presentation, the cash requests policy, ticket office vault policy, payroll policy and compliance with all Cumberland County policies has been approved by the Civic Center Commission.

For the marketing update, Ms. Long reported print advertising had been expanded to include the "Pine Straw" magazine and the "Relocation Guide" publication. Ms. Long stated the Crown Coliseum has the opportunity to sell advertising to promoters which increases the marketing and sales revenue. Ms. Long also reported email blasts are a high priority of the Crown Coliseum and these provide descriptions of upcoming events, a calendar of future events, information on sports teams and ways to purchase tickets. Ms. Long reported on FaceBook statistics and demographics, and stated other social media used by the Crown Coliseum are Citysearch, Yelp, Instagram and YouTube.

Ms. Long covered marketing for the Cumberland County Fair to include the instantaneous uploading of photos and videos to social networking sites. Ms. Long reported on the aggressive signage campaign underway at the Crown Coliseum and quarterly suite holder events. Ms. Long stated to further develop marketing strategies, staff use data from ticket sales, group ticket sales, facility usage, attendance and increased convention space usage. Ms. Long reported the ability to sell sponsorships on signage in the facility provides another revenue stream for the Crown Coliseum.

Ms. Long stated staff recognize events at the Crow Coliseum have an economic impact on the area and a goal shared with the Fayetteville Area Hospitality Association is to increase overnight stays at hotels which greatly increases local revenue through food and fuel purchases as well other ancillary spending. Ms. Long stated the resulting collection of sales taxes allows local government to aid in its goal of providing services to the community. Ms. Long stated staff continue to showcase the local market to bring meetings and conventions to the Crown Coliseum and work with the Fayetteville Area Convention and Visitors Bureau (FACVB) to seek out new business; staff also attend tradeshow and conventions in an effort to better market the Crown Coliseum's venues. Ms. Long stated the Crown Coliseum is confident in its ability to accommodate a wide range of events.

In response to a question posed by Commissioner Keefe, Lisa Foster, Crown Coliseum Finance Manager, explained the Crown Coliseum's 8% greater year end net budget contribution figure was conservatively based on the industry standard. Ms. Long responded to a question from Commissioner Evans regarding maintenance and upkeep of arena seating.

3. REPORT BY DR. MARK CHANDLER, MEDICAL DIRECTOR, ON MENTAL HEALTH CLINIC SERVICES THROUGH OCTOBER 25, 2012

James Martin, County Manager, stated following delivery of the September 17, 2012 report, he requested that a financial analysis be included with the clinical information because he felt it would provide a more comprehensive report. Candi York, Mental Health Business and Finance Manager, advised she also modified the report to add data to show how many patients each clinician served, the total patients served, and the payor source for the client care. Ms. York advised the report as provided reflected data through October 15, 2012.

Ms. York stated per the consultant's plan, each clinician should have seven billable hours per an eight-hour day which equates to 1,600 hours per year of direct time spent with a patient, and this is how the percentages are calculated for the total direct time. Ms. York responded to questions and explained the quarterly numbers reflect fewer variables than the monthly numbers which are affected by sick leave and vacations. Ms. York also explained the Court Psychologist position performs court-ordered evaluations and the client load is driven by the court system. Ms. York further explained the face time for this position will be lower because of reports that have to be generated for the courts from the psychological evaluations. With regard to the first quarter productivity analysis, Ms. York explained the productivity variation in the total patients served between the other two psychologists was due to whether they saw patients on an appointment or a walk-in basis. Ms. York noted the no-show percentage variations for the clinical social workers and LPCs were based on whether they had scheduled therapy appointments or walk-ins that they were available to see.

Dr. Mark Chandler, Mental Health Medical Director, explained changes made to no-shows either for new patients scheduled for an initial evaluation or follow up patients already in the system as a result of the no-show rates being unacceptable. Dr. Chandler stated monthly and quarterly reports are misleading and the key is the consultant's 1,600 billable hours per year for doctors and clinicians. Dr. Chandler stated he wanted to see a trend in the first quarter close to 800, the second quarter around 800, and the third quarter around 1,200 to get to the 1,600 hours of direct time. Dr. Chandler emphasized this is the Mental Health Clinic's first time under this essentially uncharted model. Ms. York and Dr. Chandler responded to questions regarding billable face-to-face services, medically indicated or necessary services, and court-ordered services.

Commissioner Council noted the shortfall of \$2,052,603 and stated it was hard to justify when there are so many people in need of mental health services. Dr. Chandler explained some of the positions such as the nurses and the medical director do not have a lot of billable services but are essential to the running of the clinic. Commissioner Council stated she was not happy with the data. Dr. Chandler spoke to the clinic's need for a business manager.

Commissioner Keefe asked Dr. Chandler whether he was satisfied with the performance of the clinic. Dr. Chandler stated he was not satisfied and the clinic can and needs to do much better. Dr. Chandler stated if he were running a business, he would hire the most qualified and highest producers available, but the clinic did not have that option because he has had to retain individuals based on seniority that are not producing. Dr. Chandler stated he is also dealing with the loss of two doctors and he anticipates losing two to three of his top clinicians to MCO positions in January. Dr. Chandler spoke to other internal logistical problems. Mr. Martin stated he did not realistically think a business manager would increase the productivity of clinicians. Dr. Chandler stated he felt a business manager could indirectly affect productivity because patients have to go through a financial process before seeing a clinician.

Mr. Martin stated prior to the budget recommendation, he met with Mental Health Director Hank Debnam, Public Health Director Buck Wilson, Dr. Chandler and Ms. York regarding the transition of the clinic and the need for the clinic to be more productive than it had been in the past and for it to ultimately be self-sustaining by the end of the year. Mr. Martin stated this poses a real challenge considering the net loss of \$2,052,603. Dr. Chandler stated he did not feel the clinic would ever be self-sustaining because it is a publically funded clinic and there is no clinic in the Public Health Department that is self-sustaining. Dr. Chandler stated he never believed the optimistic numbers could happen. Dr. Chandler stated were the Mental Health Clinic to go away, the poor, indigent and minorities would have a greater time obtaining mental health services because they are just not available. Dr. Chandler explained programs provided by the Mental Health Clinic and stated neither private doctors nor the hospital would be able to make those services available to the individuals that need them.

Commissioner Keefe stated he felt the monthly Mental Health Clinic reports were better suited for the Finance Committee than a full board meeting. Mr. Martin suggested that a quarterly report be provided to the full board. Consensus followed.

4. CONSIDERATION OF MENTAL HEALTH FUNDING IN THE AMOUNT OF \$1,217,894

BACKGROUND:

This item was referred to the Finance Committee for review and consideration from the October 15, 2012 meeting. Mental Health has requested additional funding in the total amount of \$1,217,894 for the following:

(1) Additional Services	\$595,199
(2) MCO Start-Up Funds	\$533,940
(3) LME Positions (Jan through June)	\$88,755

Management met with Mental Health staff to review this request. Based on our discussions, management has learned that Mental Health notified providers of a reduction in authorized units of services after September 10, 2012. Previously, Mental Health had appropriated fund balance in the event federal, state, and Medicaid dollars were not sufficient to meet all clients' needs. Mental Health sent out this notification since they did not include a request for county funds or fund balance in their FY2013 budget to provide additional services. In fact, in the last four fiscal years, Mental Health has utilized

over \$7.75M from fund balance to fund services. The request of \$595,199 is anticipated to be used in the following disability areas:

Developmental Disabilities	\$275,679
Substance Abuse	\$250,033
Crisis	\$61,697
Adult Mental Health	\$7,790

It is important to understand how services are authorized and allocated. After a client is evaluated, Mental Health then determines the type and level of service. If funds are available, Mental Health gives the client a listing of providers that offer the type and level of service appropriate for that client. Once the provider is selected by the client, Mental Health will authorize the units of service to the selected provider. Basically, units of services are driven by client's unique needs and the funding available. Therefore, Mental Health cannot identify the amount of funding any particular provider will receive.

Mental Health has requested these funds to continue providing services that were previously available through the use of their fund balance. Adequate funding was not requested or appropriated to meet the service demands which led Mental Health to abruptly curtail services without advanced notice to providers and consumers. As stated at the October 15th meeting, Mental Health in conjunction with the county will need to identify the level of funding to be made available and then limit the authorized units of services to the recurring funds available. This process will begin as Mental Health transitions to the Managed Care Organization (MCO). One of the many expected outcomes of a managed care system is a reduction in the number of service providers, with a concentration on larger and more efficient providers. In addition, the managed care centralized administrative function, and the capitated service rates, should enhance efficiency, therefore spreading service dollars over a larger client base. Management believes that this process of rightsizing the local dollars is best handled naturally and over time through the transition to the MCO environment. We believe this systematic approach is better for the clients and the providers. Therefore, we would recommend adding the additional service dollars in the amount of \$595,199 to fund services through December 31, 2012.

The second item which has been requested is \$533,940 for MCO start-up costs to be paid to the MCO. This amount was included in the interlocal agreement approved by the Cumberland County Area Authority. A portion of this is to fund some MCO positions for November and December to prepare for the transition to the MCO on January 1. The remainder of the \$533,940 is to be paid to the MCO for technology upgrades, phone system enhancement, and other start-up costs. Since this was part of the interlocal agreement with the MCO, Management recommends approval of the \$533,940 and further that any amount not spent for start-up salaries, be paid to the Alliance Center as Cumberland's contribution for MCO start-up costs.

Finally, Mental Health has requested \$88,755 to fund three LME positions for the period January 1 through June 30, 2013. The positions are as follows; Records Management, Accounting Specialist, and a Quality Assurance position. The MCO has expanded the number of positions that may be funded from the original 47 to 49 funded positions. They

have agreed to fund an IT position and an Accountant position through June 30, 2013 to assist in the transition and the close-out of the claims. The MCO will have a quality assurance and management function that will be required to provide reports to the Boards of Commissioners from all participating counties. Based on the MCO funding these two additional positions, Management does not recommend funding to continue these LME positions at this time. Coordination should continue with Mental Health and the Alliance Center on functions that can be collectively managed to ensure all claims are closed out appropriately and that the transition occurs with minimal disruption to the clients.

RECOMMENDATION:

Management recommends approval of the requested \$595,199 for services through December 31, 2012 and the \$533,940 for MCO start-up costs.

Ms. Cannon, Deputy County Manager, reviewed the background information and recommendation as recorded above. Ms. Cannon stated there has been discussion that county management cut out county funding in the areas for which Mental Health is now requesting funds, specifically developmental disabilities and substance abuse. Ms. Cannon clarified in Mental Health's budget, no funds were requested other than \$80,000 for Sobriety Court. Ms. Cannon further clarified that for developmental disabilities, Mental Health only requested federal and state funding and no local or fund balance dollars. Ms. Cannon stated therefore the request for \$595,199 was not because the county cut it out of Mental Health's budget but because it was not included in Mental Health's budget request.

Ms. Cannon stated she feels it is in the best interest of the community and the citizens to continue the \$595,199 funding through the period ending December 31, 2012 because there was an abrupt halt in services in September without a lot of notice to clients so they could make other arrangements, and if a reduction is going to be made, there needs to be a systematic approach to reducing the services to include ample notice. Ms. Cannon stated there was not ample notice given to providers to make this type of reduction either and it is in the best interest of clients to add the \$595,199 back into the budget.

Ms. Cannon distributed budget revisions as provided at the October 15, 2012 meeting.

MOTION: Commissioner Melvin moved to add the additional services for \$595,199 and the MCO start-up funds for \$533,940.

SECOND: Commissioner Council

In response to a question posed by Commissioner Keefe, Ms. Cannon stated Mental Health did request an appropriation from fund balance but the majority of the funds requested were to fund the twenty-six LME position from January through June, 2013. Ms. Cannon further stated Mental Health requested \$1,540,000 from fund balance and management reduced that out of the budget. Commissioner Keefe asked whether the appropriation from the fund balance included any services or just to sustain the LME. Ms. Cannon responded to sustain the LME. In response to additional questions from Commissioner Keefe, Ms. Cannon stated the \$595,199 was from the Mental Health fund

balance, and Mr. Martin stated the MCO start-up funds were part of the negotiations between the LME and the Durham Center. Hank Debnam, Mental Health Director, stated part of the \$533,940 was for salaries outside of internal staff that will need to be hired and the LME will also have to bring on additional technology to communicate with the corporate office in Durham. Mr. Debnam stated these negotiations were made prior to Wake County coming on board and it was negotiated pursuant to the pro forma developed by the Durham Center.

Commissioner Keefe asked who would distribute the \$595,199. Ms. Cannon stated Mental Health had a long list of providers and it was her understanding that the process for the \$595,199 would be driven by client-need. Mr. Martin clarified the \$595,199 was the total amount and it was his understanding that there were developmental disability providers other than CREST.

Commissioner Evans stated his concern was that funding should be appropriated for the remainder of the time because this funding will not last through December. Mr. Martin stated it was understood that this was not the funding for January through June, 2013 and he asked Mental Health how much additional local money would be needed to sustain services on some level through June 30, 2013. Mr. Martin stated he had not yet received that information and wanted to be sure the Board understood this was not the end of funding for Mental Health.

Mr. Debnam spoke to the three positions that would not be going forward and explained the medical records position is important for the issuance of gun permits. Ms. Cannon explained there had been discussion on October 8, 2012 with the Assistant Mental Health Director and the Mental Health finance officer during which she expressed concerns about the close-out, especially in the areas of claims and quality assurance. Ms. Cannon also stated during a phone discussion with the Mental Health accountant and the Assistant Mental Health Director, she learned the MCO had agreed to fund the accountant position for the remainder of the year. Ms. Cannon stated further there have also been discussions that the MCO will be responsible for the quality assurance. Ms. Cannon stated from her perspective, the accountant and quality assurance will be taken care of by the MCO.

VOTE: UNANIMOUS (3-0)

Mr. Martin advised approval of the requested \$595,199 for services through December 31, 2012 and the \$533,940 for MCO start-up costs was his recommendation as well as Ms. Cannon's.

5. REVIEW OF MONTHLY FINANCIAL REPORT

Howard Abner, Assistant Finance Director, called attention to a new area of the report for the Mental Health Clinic under the Health Department which was at 26.7% of expenditures. Mr. Abner reported the Mental Health Department is at 44% of budget for six months. Mr. Abner noted the drop in expenditures for Child Support Enforcement of 18% and stated the difference is that for FY 2012 there was an encumbrance of \$300,000 for a contract with the Sheriff's Office for security.

Mr. Abner stated the biggest months for collections for ad valorem taxes are November and December and sales tax distributions will begin in October for July sales. Mr. Abner stated the various sales tax equalization amounts for the first quarter do not end until December 31, 2012 and will not be reported until the February meeting. Mr. Abner reported Inspections revenue is below last year and this is a continuing trend. Mr. Abner also reported Mental Health in general recognized 16.9% of their budgeted revenue from draw downs of state and federal dollars. Mr. Abner further reported the Health Department collected 48% for sales and services versus only 24% last year due to a large Medicaid settlement that was recorded this year. Mr. Abner reported the Mental Health Clinic has only collected 2% of their budget versus spending over 26%. Mr. Abner briefly explained how receivables are projected and stated the Mental Health Clinic will likely have a shortfall of \$2.6 million.

Mr. Abner reported operating revenue for the Crown Coliseum is down \$146,697 from last year and operating expenses are also down \$89,208. Mr. Abner explained this total has resulted in a greater loss for the first quarter compared to last year.

6. OTHER MATTERS OF BUSINESS

There were no other matters of business.

There being no further business, the meeting adjourned at 10:35 a.m.