

CUMBERLAND COUNTY FINANCE COMMITTEE
NEW COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
FEBRUARY 2, 2012 - 9:30AM
MINUTES

MEMBERS PRESENT: Commissioner Kenneth Edge, Chairman
Commissioner Jeannette Council

MEMBERS ABSENT: Commissioner Ed Melvin

OTHER COMMISSIONERS

PRESENT: Commissioner Jimmy Keefe

OTHERS:

Amy Cannon, Deputy County Manager
James Lawson, Assistant County Manager
Rick Moorefield, County Attorney
Howard Abner, Assistant Finance Director
Dena Breece, Financial Manager
Sally Shutt, Communication and Strategic Initiatives
Manager
Doug Peters, Fayetteville/Cumberland County Chamber
of Commerce President
Chris Bostock, Fayetteville/Cumberland County Chamber
of Commerce Government Board of Director's Chair
Robert R. Hines, United Way of Cumberland County
President and CEO
Candice H. White, Clerk to the Board
Press

Commissioner Edge called the meeting to order at 9:45 a.m. and noted that Item 4.B. had been added to the revised agenda.

1. APPROVAL OF MINUTES – JANUARY 5, 2012 REGULAR MEETING

MOTION: Commissioner Council moved to approve the minutes.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (2-0)

2. CONSIDERATION OF FAYETTEVILLE-CUMBERLAND COUNTY CHAMBER
OF COMMERCE REQUEST REGARDING PRINCIPAL PAYMENTS ON THE
SHELL BUILDING LOAN

Amy Cannon, Deputy County Manager, called on Doug Peters, President of the Fayetteville/Cumberland County Chamber of Commerce, for his request regarding the

principal payments on the shell building. Mr. Peters gave the Finance Committee the following information and recommendations:

HISTORY:

In 2001, the County of Cumberland and the former Fayetteville Area Economic Development Council (FAEDC) entered into a relationship that caused the FAEDC to build an industrial shell building of about 125,000 square feet, situated on roughly forty acres of land on Tom Starling Road.

The FAEDC merged with the former Chamber of Commerce in 2004 into the Cumberland County Business Council and was dissolved.

In 2008, the name of the Cumberland County Business Council was changed to the Fayetteville-Cumberland County Chamber of Commerce.

The agreement between the Fayetteville-Cumberland County Chamber of Commerce and the County of Cumberland was as follows:

The FAEDC constructed an unfinished “shell” building at a cost of roughly \$1,811,450.00 and had it financed through a consortium of banks in the community. At that time, the county agreed to back the loan, which for the last nine years has been interest only.

As specified in the agreement, the county pays the interest on the building on a monthly basis through the lead bank of the banking consortium. Currently, the amount the county pays annually is about \$100,000. This amount is paid directly to the lender.

In addition, the Fayetteville-Cumberland County Chamber of Commerce pays the property taxes on the building, which is then reimbursed to the Fayetteville-Cumberland County Chamber of Commerce by the county.

The Fayetteville-Cumberland County Chamber of Commerce pays for insurance, utilities and maintenance of the building.

The Fayetteville-Cumberland County Chamber of Commerce has served as fiscal agent for the building since its construction.

The Fayetteville-Cumberland County Chamber of Commerce has served as the “for sale by owner” marketing representative on the property since inception by FAEDC.

STATUS:

The situation that exists today is that the consortium of banks, principally led by Capital Bank in Fayetteville, has experienced increasing regulatory pressure to add principal to the monthly interest-only payment. The increasing regulatory structure is forcing a change in the structure requiring principal payments.

The existing interest-only loan has renewed annually for the last nine years.

It is customary for a commercial loan to require principal pay-down after one full year of interest only payments.

The Fayetteville-Cumberland County Chamber of Commerce understands that the monthly principal payment will be in the neighborhood of \$7,000 monthly in addition to the interest payment.

The interest rate on the building has been 5 percent. The banks are suggesting that the rate go to 5.5 percent beginning this year.

This is a one-year loan, which is renegotiated each December and January and closed in February. This annual renewal adds additional cost.

By shifting to an amortized loan with interest and principal, the Fayetteville-Cumberland County Chamber of Commerce believes that this will extend the term of the loan to at least three years, and perhaps five. This would reduce the amount of effort put on the financing portion of this agreement, allowing the time to be redirected to marketing.

The shell building itself sits on five acres that are considered integral to the shell building property. An additional 35 acres are available for eventual expansion or other use.

RECOMMENDATIONS:

The county is being asked to pay the monthly principal amount in addition to the costs it currently incurs. The Fayetteville-Cumberland County Chamber of Commerce will maintain its current cost burden (insurance, utilities, maintenance).

The Fayetteville-Cumberland County Chamber of Commerce will attempt to negotiate the interest rate to something lower than 5.5 percent.

Mr. Peters reviewed the above information and stated the interest rate on the loan has been 5.5%; however, it may be possible to lower the interest rate one point going forward. Mr. Peters further stated with a fifteen-year amortization on the loan and an interest rate of 4.5% to 5.5%, the principal payment would be approximately \$6,400 a month in addition to the interest payment; the total payment would be approximately \$14,800 a month on a fifteen-year amortized note. Mr. Peters asked that the county to consider making the monthly principal amount in addition to the costs the county currently incurs.

Commissioner Edge inquired regarding a potential buyer for the shell building. Mr. Peters responded he had a verbal offer less than the asking price that he would present to the county manager and the Board during a closed session. Mr. Peters advised there was a gap that would need to be filled, but it would get the building in production.

Discussion followed regarding documentation associated with the agreement and the financing portion therein. Commissioner Edge asked Mr. Peters whether the Fayetteville-Cumberland County Chamber of Commerce could handle a reduction in their budget beginning July 1, 2012 should the county have to assume the \$14,800 a month for twelve months. Mr. Peters stated the Fayetteville-Cumberland County Chamber of Commerce would find a way to adjust, but it would affect the level of economic development service it could deliver. Additional discussion followed.

Ms. Cannon recommended that staff be permitted time to seek additional documentation to share with the Board at their February 6, 2012 meeting. Members of the Finance Committee concurred.

3. PRESENTATION OF AN OVERVIEW OF 2-1-1 IN NORTH CAROLINA

Amy Cannon, Deputy County Manager, called on Robert R. Hines, United Way of Cumberland County President and CEO, for an overview of 2-1-1 in North Carolina. The following information was made available to the Finance Committee members.

WHAT IS 2-1-1?

Every hour of every day, someone in our area needs essential services – from finding substance abuse assistance to securing adequate care for a child or an aging parent. In many cases, people end up going without these necessary and readily available services because they don't know where to start. 2-1-1 can be the answer.

2-1-1 is an easy to remember telephone number that connects people with important community services.

2-1-1 is 24-7-365

TYPES OF SERVICES THAT CAN LINK TO 2-1-1

- Health/mental health care
- Child care services
- Counseling services
- Basic needs – food, clothing, shelter
- Senior services
- Civic information
- Transportation
- Others.....
-

WHY USE 2-1-1?

- Easy to recognize and remember number
- Easy to find help
- Easy to give help
- Available all day, every day and in any language
- Increase public access to community resources
- Reduced burden on 9-1-1
- Trained referral specialist that will:
 - Actively listen
 - Assess needs

- Prioritize needs
- Give appropriate information or make referrals

BENEFITS OF 2-1-1

For Individual Citizens

- Reduced Frustration
- Time Saved Locating Services
- 24-7-365, Multi-lingual Access

For Employers

- Improved Workplace Productivity
- Serves as an Employee Assistance Information Program

For Providers of Human Services

- More accurate and timely client referrals based on local information
- County-wide online health and human service information
- Data pulled from the 2-1-1 system can provide real-time trend data

For the Community

- Easy access to information & referral
- Comprehensive database of resources
- Convenient and cost-effective
- Increase utilization of existing services
- Improved information for community planning

For Community Planning and Funders

- Track available resources
- Track gaps in services
- Identify duplication of services
- Document met and un-met needs – an early warning system for emerging health and human service needs
- Gauge agency effectiveness
- Monitor service availability
- Added value to local, state and federal government priorities, such as homeland security
- Public/private partnerships
- Provide community outcomes

Crisis Situations

- Easy to REMEMBER
- Can Provide Real Time Information
- Reduces Calls to 9-1-1, Power Companies and other Service Providers
- Can Handle High Volume
- Can Answer at Redundant Location
 - NC 2-1-1 Call Center (RTP)
 - 2-1-1 of Western North Carolina (Asheville)

QUALITY CONTROL

Trained and experienced call center staff

70% of all calls answered within 30 seconds

- Average call length over 3 minutes

Follow-up call backs on 10% of calls

Locally updated data

Access to monthly call data

- Number of callers
- Type and number of services requested
- Number of web-based searches

MAJOR NC 2-1-1 FUNDING PARTNERS

Local United Ways

Bank of America Foundation

Z Smith Reynolds Foundation

Local Government

Duke Energy Foundation

Hospital Foundations

Community Based Foundations

Lilly Endowment

Google

Blue Cross/Blue Shield of North Carolina

Mr. Hines reviewed the above information and reported that nationwide, 2-1-1 has been in existence for over ten years with 80% of both the nation and North Carolina on 2-1-1. Mr. Hines stated Cumberland County is the largest county between Delaware, Florida and the Tennessee border that does not have 2-1-1 due to cost issues. Mr. Hines stated antennas have been paid for and are in place in Cumberland County, and Blue Cross Blue Shield of North Carolina has agreed to handle downloading costs to connect individuals with community services.

Mr. Hines stated individuals are now calling Cape Fear Valley Hospital with basic needs, which is an important indicator that the county needs 2-1-1. Mr. Hines also stated Cape Fear Valley Hospital, the City of Fayetteville, the Public Works Commission, the United Way of North Carolina and Cumberland County, and the Women's Giving Circle have signed on to provide \$5,500 for the first year. Mr. Hines provided examples of how 2-1-1 calls would be handled and stated the call center in Chapel Hill will be able to translate any language. Mr. Hines reported one of the biggest advantages of 2-1-1 is that it will take pressure off of calls now going to 911 and Cape Fear Valley Hospital. Mr. Hines stated the kick-off will be the end of April or first of May 2012.

Questions followed. Consensus of the Finance Committee was to include the request as part of the upcoming budget process.

4. APPROVAL OF CUMBERLAND COUNTY PURCHASING ITEMS

The following information was made available to the Finance Committee members.

A. APPROVAL OF BI-DIRECTIONAL ANTENNA SYSTEM BIDS FOR HEALTH DEPARTMENT AND DEPARTMENT OF SOCIAL SERVICES

BACKGROUND:

The Finance Committee reviewed and approved a proposal to utilize the county's Emergency 911 Fund balance at the November 3, 2011 meeting. Additional material

has been gathered and the following information provides a synopsis of the purpose for this equipment.

A Bi-Directional Antenna (BDA) system is an in-building wireless network designed to enhance coverage of the 800 MHz public safety radios and cellular signals. Most importantly, this BDA system will enable the county's public safety officers to maintain a signal on their 800 MHz radios in these buildings. Additionally, we will be able to receive a cell phone signal using county cell phones through the county's Verizon carrier in these buildings, which is needed especially during emergencies. The cost to expand the coverage to other cell phone carriers is significant.

Formal bids were received for the BDAs and the lowest bid meeting specifications was from Longent for \$115,250.24. This equipment will benefit both the Health Department and Social Services. The majority of the funds will come from 911 Fund Balance and a portion from the Health Department building fund.

RECOMMENDATION:

The purchasing manager and management are requesting that the bid for the Bi-Directional Antenna Systems be awarded to the lowest bidder, Longent, at \$115,250.24 and be forwarded to the Board of County Commissioners' February 6, 2012 meeting.

B. APPROVAL OF SOLE SOURCE PURCHASE/UPGRADE OF FIREHOUSE SOFTWARE

BACKGROUND:

The Finance Committee reviewed and approved a proposal to utilize the county's Emergency 911 Fund balance at the November 3, 2011 meeting. The Firehouse Software upgrade was one of many items on the approved list.

Currently the county's Information Technology (IT) Department houses and maintains the firehouse server and databases. The county's IT department will be upgrading the existing firehouse server to a web-based version and will be converting all firehouse databases which serve the Fire Marshal's office and all volunteer fire departments. Additionally, the City of Fayetteville fire departments will be combined with the county's server which will provide one consolidated system for centralized incident records, occupancy, and pre-plan data. Benefits include quicker, more accurate, and easier data entry which will improve emergency services to the community.

The quote for the cost of this software upgrade is \$184,114.19. The upgrade is requested under the sole source procurement since this is a licensed software solution which is only sold by Firehouse Software Company.

RECOMMENDATION:

The purchasing manager and management are requesting that the upgrade of our Firehouse Software be approved under sole source procurement.

Ms. Cannon reviewed the above information and advised a critical issue associated with the Health Department and the Department of Social Services buildings is that public safety officers are unable to access their 800 MHz public safety radios as well as their county-issued cell phones. Ms. Cannon explained with the BDA system, law enforcement officers will have radio and cell phone coverage.

Ms. Cannon stated the proposal for the sole source purchase is to upgrade the software dating back to 1996 or 1998 to a web-based version. Ms. Cannon further stated the upgrade is a licensed software solution and is only sold by Firehouse Software Company. Ms. Cannon responded to questions and stated under the circumstances, the software upgrade is the best solution to answer the public safety issue.

MOTION: Commissioner Council moved that the software upgrade be approved under sole source procurement.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (2-0)

Consensus of the Finance Committee was to forward purchasing Items 4.A. and 4.B. to the February 6, 2012 meeting of the full board for their consideration.

5. REVIEW OF MONTHLY FINANCIAL REPORT

Howard Abner, Assistant Finance Director, reported for expenditures and obligations, the first six months of the county's year-to-date obligations were 50.18% of budget. Mr. Abner stated the current spending rate would put year-end spending at around 96.3% versus 97% for the prior year.

Mr. Abner reported collections for ad valorem taxes were \$4.4 million above last year at this time but the budget was also \$3 million higher. Mr. Abner further reported the county was on track to collect about 101.6% of the budget compared to 100.5% last year. Mr. Abner stated once January's numbers are received, the county will have about 96% of its taxes. Mr. Abner reported sales taxes, which represent three out of twelve months, are slightly higher than last year but the budget was also increased.

Mr. Abner reported sales tax equalization dollars will begin showing up in March for payments received in January.

Mr. Abner called attention to Category 50-Register of Deeds and stated due to staff turn over, \$114,857 was posted to January instead of December and with that adjustment, December's revenue should be \$179,838. Mr. Abner reported the total for six months would then be \$864,749 and while this amount is slightly more than last year as a percentage of the budget, it is the same as the prior year. Mr. Abner reported Inspections Fees and Permits are lower than last year for the first six months. Mr. Abner stated the Register of Deeds and Inspections Fees and Permits indicate that the real estate and construction segments of the economy continue to struggle with growth. Mr. Abner reported the first seven categories in total are at 58.57% which is slightly above last year. Mr. Abner responded to questions.

Mr. Abner reported he has seen a lot of advertising for events at the Crown Coliseum but so far there has not been anything reflected in operating-income. Mr. Abner further reported operating expenses are down resulting in a lower operating cost than last year with a negative \$1.745 million versus a negative \$1.806 million. Mr. Abner stated when factoring in non-operating revenues and expenses, the first six months are a positive \$103,176 versus a very slight deficit last year.

6. OTHER MATTERS OF BUSINESS

With regard to community concerns, Commissioner Jeannette Council stated she would like to look at the Health Department facility and personnel to help alleviate some of the problems associated with the current community crisis in healthcare. Commissioner Council stated one of the problems is the number of individuals coming into the hospital emergency room and the fact that apparently personnel at the Health Department continuously send individuals to the hospital's emergency room. Commissioner Council stated this is a practice that she would like to see stopped because the emergency room should not be used as a primary care facility and there should be providers in the community to assist these individuals.

Commissioner Edge concurred with Commissioner Council and stated his understanding is that collaboration is underway with the heads of some of the agencies to attempt to resolve the problem or at least make it better. Commissioner Edge also stated non-profit agencies in the community can help reduce the numbers and perhaps offer better services.

The Finance Committee asked staff to follow up and bring a report to the March meeting of either the Policy Committee or the Finance Committee.

Commissioner Edge spoke briefly about the difference in the amount of inspections fees paid to the state and the amount reimbursed to counties, and the efforts of the North Carolina Association of County Commissioners (NCACC) and county health directors to look into the matter.

There being no further business, the meeting adjourned at 11:05 a.m.