

CUMBERLAND COUNTY FINANCE COMMITTEE
NEW COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
NOVEMBER 7, 2013 - 9:30AM
MINUTES

MEMBERS PRESENT: Commissioner Marshall Faircloth, Chairman
Commissioner Kenneth Edge

MEMBERS ABSENT: Commissioner Jeannette Council

OTHER COMMISSIONERS

PRESENT: Commissioner Charles Evans (arrived 9:55 a.m.)

OTHERS: James Martin, County Manager
Amy Cannon, Deputy County Manager
James Lawson, Assistant County Manager
Rick Moorefield, County Attorney
Melissa Cardinali, Finance Director
Sally Shutt, Chief Public Information Director
Mark Browder, Mark III Brokerage Services
Kevin Jackson, Cape Fear Valley Health System Chief Operating
Officer/Vice President
Candice White, Clerk to the Board
Press

Commissioner Faircloth called the meeting to order.

1. APPROVAL OF MINUTES – OCTOBER 3, 2013 REGULAR MEETING

MOTION: Commissioner Edge moved to approve the minutes.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (2-0)

James Martin, County Manager, requested the reordering of agenda Items 2. and 3. so Mark Browder, Mark III Brokerage Services, could attend another meeting he had scheduled.

MOTION: Commissioner Edge moved to reorder Item 2. and Item 3.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (2-0)

2. PRESENTATION ON THE AFFORDABLE CARE ACT AND IMPACT ON THE COUNTY

BACKGROUND:

At the October 7, 2013 special meeting of the Board, Commissioner Faircloth inquired regarding Health Care Reform and the impact of the Affordable Care Act on the County. Mark Browder, Mark III Brokerage Services, will provide a presentation at the November 7, 2013 meeting of the Finance Committee on this matter.

RECOMMENDATION/PROPOSED ACTION:

Receive presentation.

Mr. Martin recognized Mark Browder, Mark III Brokerage Services, who referenced the table recorded below. Mr. Browder stated the table reflects new costs and total costs to the county for the 2014-2015 renewal.

| Health Care Reform Cost | |
|---|-----------------------|
| 2014 - 2015 Cost | |
| PPACA - Fee for Comparative Effectiveness Research Agency - July 31, 2014 | \$3,598.00 |
| Copays Accumulate to Out of Pocket Maximum - 2014 - 2015 | \$493,529.08 |
| PPACA - Transitional Reinsurance Fee - 2014 - 2016 - First Payment Due December, 2014 | \$226,611.00 |
| | |
| Health Care Reform Costs Currently in Place | |
| Dependent coverage for adult children up to age 26 - 2% | \$375,082.10 |
| Elimination of lifetime limits on essential benefits - 1.5% | \$281,311.57 |
| Women's Health Benefits - 1% | \$187,541.05 |
| Elimination of all pre-existing condition limitations in 2014 - .2% | \$37,508.21 |
| 100% coverage for preventive services in network - 3% | \$562,623.15 |
| Phase-out of annual limits on essential benefits by 2014 - 1.5% | \$281,311.57 |
| | |
| Total ACA Cost for 2014 - 2015 | \$2,449,115.73 |

| Fees Avoided in 2014 - 2015 | |
|--|---------------------|
| PPACA - Health Insurance Industry Fee - Not Paid | \$549,686.67 |
| State of North Carolina Premium Tax | \$439,749.34 |
| Total | \$989,436.01 |

Mr. Browder stated for new costs, the county will have to pay a research fee or “Fee for Comparative Effectiveness Research Agency” to the federal government in 2014-2015 which is basically \$1 per member or about \$3,500. Mr. Browder stated the “Co-pays Accumulate to Out-of-Pocket Maximum” is a benefit change and is expected to add 3% in claims to the plan or about \$500,000. Mr. Browder explained co-pays will go to satisfy the out-of-pocket maximum beginning July 1, 2014. Mr. Browder stated “The Traditional Reinsurance Fee” is

an additional tax for high insurance claims at \$63 per member for the 2014-2015 plan year and will be due at the end of 2014 or beginning of 2015 for a total of about \$226,000.

Mr. Browder then reviewed current costs and stated the total cost under the Affordable Care Act to the county's plan is about \$2.4 to \$2.5 million. Mr. Moorefield inquired regarding new costs for 2014-2015. Mr. Browder clarified \$700,000 would be added to the renewal and with old costs being about \$1.8 million, the total cost would be \$2.4 to \$2.5 million.

Mr. Browder referenced "Fees Avoided in 2014-2015" and explained the county is not paying the "Health Insurance Industry Fee" or the "N. C. Premium Tax" because it is self-funded and thereby saves almost \$1 million. Amy Cannon, Deputy County Manager, confirmed the \$1.8 million was funded in the current budget year and the \$700,000 along with whatever is believed to be inflation to the fund will need to be added. In response to a question posed by Commissioner Edge, Ms. Cannon stated the utilization of the employee pharmacy has increased over time and cost savings can be determined at the end of the fiscal year.

3. REPORT FROM CAPE FEAR VALLEY HOSPITAL SYSTEM REGARDING COST OF SECURITY AT ROXIE AVENUE CENTER

Kevin Jackson, Cape Fear Valley Health System Chief Operating Officer/Vice President, referenced discussion at the October 3, 2014 meeting of the Finance Committee regarding the provision of security services at the crisis intervention center to be established and fully functional at the end of December, 2013 or at the latest January, 2014. Mr. Jackson stated based on that discussion, a Request for Quote was sent out on October 14th for security services in order to obtain the best price and to make sure the competitive service requirements and quality were met. Mr. Jackson stated RFQ's were obtained by October 25th and an internal selection committee used the following five criteria for the selection: 1) quality of completeness of submission; 2) CIT training and service evaluation; 3) price; 4) prior service history; and 5) capabilities. Mr. Jackson stated the recommendation is to move forward with the Cumberland County Sheriff's Office and although the Sheriff's Office was not the lowest bidder, it ranked the highest of all respondents. Mr. Jackson stated the agreement would be for two years with the proposed cost being \$350,326 for the first year with a \$30,731 initial start up cost. Mr. Jackson stated the cost for the second year would drop to \$319,595 without the start up cost.

Mr. Martin stated the hospital would prefer to have a two-party agreement between the hospital and the Sheriff's Office. Mr. Martin stated should the committee and the full board be in agreement with the proposed cost, his recommendation would be for an amendment to the current three-party agreement between the hospital, the county and Alliance Behavioral Healthcare so these funds, which are directly related to mental health services, can be credited to the county's maintenance of effort for mental health services. Mr. Martin stated this may reflect well in securing additional state or federal funds as a match to what the county is paying.

Mr. Martin explained the indirect operation will be that the county will pay the Alliance, the hospital will bill the Alliance, the Alliance will pay the hospital and then the hospital will reimburse the county. Mr. Martin stated utilizing the Sheriff's Office to provide the security services could pose some financial risk to the county because the Sheriff's Office is a

department of county government and there is the potential for the Sheriff's Office to look to the county to cover additional costs as it relates to the hospital's contract. Mr. Martin stated should that occur, which it may not, the county could end up spending more through the Sheriff's budget over time than the costs billed to the hospital. Mr. Martin stated contracting with the Sheriff's Office is not as clear cut as it would be were the hospital to contract with an entity that is not part of the county's operation. Questions and discussion followed. Mr. Martin stated he is not speaking against the hospital's request to provide the funds to contract with the Sheriff's Office because he is convinced the proposal exceeds the lower cost proposal in an area critical to the success of the drop off center. Commissioner Faircloth stated to help eliminate the risk of additional costs, he would ask county administration to hold the Sheriff's Office to their proposal and should contract costs be exceeded, the Board will review. Commissioner Edge concurred. Mr. Martin stated the Alliance has indicated it will work with the county on an amendment to the agreement. Mr. Martin also stated should the Board approve the three-party agreement, staff will start the contract amendment process with the Alliance and return with a budget revision to put the positions in place and provide the start-up funds and equipment costs. Mr. Martin stated vehicle costs will be brought to the Board at a later time.

Commissioner Evans joined the meeting and posed questions.

MOTION: Commissioner Edge moved to approve the concept of the three-party agreement between the Alliance, Cape Fear Valley Hospital System and the county and submit to the full board for approval at the next meeting.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (2-0)

4. CONSIDERATION OF CREATION OF BRAGG ESTATES WATER AND SEWER DISTRICT

BACKGROUND:

The Public Utilities Division is requesting that the Board of Commissioners establish a Water and Sewer District for the Bragg Estates Subdivision and adjoining properties for the purpose of applying for grants and low interest rate loans. The first step in this process is to hold a public hearing pursuant to North Carolina General Statute 162A-86, to take comments from the public.

The Bragg Estates community has been experiencing septic tank failures over the last several years. These failures pose a health and safety concern for the community.

RECOMMENDATION/PROPOSED ACTION:

The Engineering and Infrastructure Director and County Management recommend that the Finance Committee approve the request to place a memo on the agenda of the November 18, 2013 Board of Commissioners meeting to set the Public Hearing for December 16, 2013 at 6:45 PM.

Jeffrey Brown, Engineering and Infrastructure Director, referenced the Overhills Water and Sewer District and stated the county was successful in obtaining a clean water state revolving

fund loan earlier this year for \$3.1 million dollars to address the needs of the Overhills community. Mr. Brown reviewed the background information recorded above and stated the Bragg Estates Subdivision would also benefit from pursuing low interest rate loans and grant funding for sewer service. Mr. Brown stated the first step is to create a water and sewer district for the Bragg Estates subdivision. Mr. Brown responded to questions.

MOTION: Commissioner Edge moved to place a memo on the agenda of the November 18, 2013 Board of Commissioners meeting to set the public hearing for the Bragg Estates Subdivision Water and Sewer District for December 16, 2013 at 6:45 p.m.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (2-0)

5. UPDATE ON SENATE BILL 73: REQUIREMENT FOR LOCAL WORKFORCE DEVELOPMENT BOARDS (WFD) TO USE COMPETITIVE SELECTION PROCESS

BACKGROUND:

At the September 5th Finance Committee meeting, the County Manager provided a brief overview of Senate Bill 73 and the possible implications. Senate Bill 73 mandates that Local Workforce Development Boards will use a competitive selection process in selecting services providers to deliver Workforce Investment (WIA) and Adult/Dislocated Worker services as well as WIA funded youth services. Management has had several meetings with Dr. Keen and staff as well as the Chairman of the WFD Board to develop a plan to comply with Senate Bill 73. FTCC has previously functioned in a dual role as the fiscal and administrative agent and the service provider for WIA/Dislocated and youth services. The requirements of Senate Bill 73 preclude one entity serving in this dual role.

The Workforce Development Board met on October 29, 2013 and approved a memorandum of agreement between FTCC and the WFD Board to retain the community college as the administrative and fiscal agent for the WFD Center. In that capacity, the community college will seek competitive bids for WIA/Dislocated and Youth services, provide contract administration, board support and fiscal management services. Since the community college will no longer be the service provider, the staff associated with these programs will no longer be employees of the community college. Some staff will remain with FTCC to provide fiscal and administrative services to the WFD Board. The remaining nine to thirteen staff members will have the opportunity to be interviewed by the contract provider.

Management believes that maintaining the community college in the role of fiscal and administrative agent is prudent. Since the July 2011 transfer of the WFD Center, FTCC has reengineered the program which has led to a threefold increase in the number of clients served and a reduction in the cost per participant from \$2,000 to \$500. FTCC, as fiscal and administrative agent, will be in the best position to monitor the contractor to ensure the continued success of the WFD program.

RECOMMENDATION/PROPOSED ACTION:

No action necessary, provided for information purposes only.

Amy Cannon, Deputy County Manager, reviewed the background information as recorded above. Ms. Cannon stated three to four staff may remain as employees of FTCC in order to provide administrative services to the Workforce Development Board. Ms. Cannon stated details are pending. Ms. Cannon also stated FTCC is also willing to assist employees should they have interest in applying for other positions at FTCC.

6. REPORT ON OUTSOURCING THE COUNTY'S EMPLOYEE ASSISTANCE PROGRAM

BACKGROUND:

The county has had an Employee Assistance Program (EAP) for last 18 years. The program was established due to requirements under the Department of Transportation (DOT) Drug Testing program. To comply with this DOT requirement, the county utilized the EAP services that our Mental Health department was providing to other organizations or businesses in the county. Due to the implementation of Mental Health reform, the substance abuse component was one of the first programs outsourced about 12 years ago. At that time, we retained one of the certified EAP professionals from Mental Health and established an in-house EAP under Risk Management. Since that time we have had one employee, who is a certified professional providing these services to county employees.

Utilization has increased over time because our EAP professional has developed an effective, responsive and trusted program for our employees. Below are some of the services provided under this function:

- Confidential assessment services for employees referred by Supervisors due to unacceptable performance; productivity, behavioral issues, attendance difficulties, etc.
- Assessment and case management of employee self referrals that may be experiencing personal, medical, behavioral or work related concerns
- Short term counseling when appropriate or referrals to mental health or substance abuse services or other community resources as appropriate
- Ongoing case management of any employee that has been referred to other professionals
- Consultation and coaching to Department Heads and Supervisors focusing on early intervention or detection of a potential risk
- Coordination for fitness for duty examinations as needed
- Provides grief counseling

Our employee that provides these services is retiring December 31st, and management has taken the opportunity to review the program and the options for providing this service. Utilization has increased and the issues have become more serious and complex which at a minimum requires outside referrals and longer term case management. The volume of clients has exceeded the ability for one person to properly and thoroughly manage the program. Risk Management conducted an informal request for proposal process and received responses from five EAP providers. Based upon the case volume and complexity and the need for 24/7 services, we believe this is an opportunity to outsource our EAP program to provide comprehensive and timely services to our employees.

The firm that we believe will best meet our needs is Frank Horton Associates, LLC. The owner of this firm is a certified EAP provider and was formerly an in-house provider of EAP services for Wake County before establishing his own firm. He understands the challenges of transitioning from an in-house EAP to an out sourced model. Further, he is aware of the reputation of our program and is committed to providing a comprehensive, trusted, and client friendly program to our employees. The cost of this service through Frank Horton Associates, LLC is \$39,600, which is a savings to the county of \$49,000 per year. All five firms submitted very similar cost estimates. We have prior experience with Mr. Horton and his firm since they have been our after-hours resource and back up for some time.

RECOMMENDATION/PROPOSED ACTION:

Authorize Management to obtain a contract with Frank Horton Associate, LLC to provide a comprehensive EAP program at a cost of \$39,600.

Amy Cannon, Deputy County Manager, reviewed the background information as recorded above and the proposed action being sought of the Finance Committee.

MOTION: Commissioner Edge moved to authorize management to obtain a contract with Frank Horton Associate, LLC to provide a comprehensive EAP program at a cost of \$39,600.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (2-0)

7. REVIEW OF MONTHLY FINANCIAL REPORT

Melissa Cardinali, Finance Director, stated the financial report encompasses the first three months of the quarter and because the primary volume of tax revenue does not occur until December and January, there are minimal details to report. Ms. Cardinali also stated there are no issues or concerns to report.

With regard to the federal shutdown, Ms. Cardinali stated county departments are reporting to the Finance Department every two weeks and the only potential concern, although not related to the shutdown, is related to the Farm Bill that has expired. Ms. Cardinali stated this could potentially place the food stamp program reimbursement for administrative expenses at risk. Ms. Cardinali stated the Department of Social Services (DSS) is monitoring the matter. Ms. Cardinali stated all reimbursements are coming through with little delay.

8. OTHER MATTERS OF BUSINESS

Mr. Martin stated the full board referred to the Finance Committee vacancies on the Cumberland County Finance Corporation and Industrial Facilities and Pollution Control Financing Authority. Rick Moorefield, County Attorney, stated although there may not be a need for the Cumberland County Finance Corporation and Industrial Facilities and Pollution Control Financing Authority, there is no reason to disband it. Mr. Moorefield stated his recommendation is to leave the existing members and the existing structure in place and should

an issue arise for the Finance Corporation, there would be time to address any vacancies. Mr. Moorefield stated he was doubtful that the Industrial Facilities and Pollution Control Financing Authority would meet again unless there were substantial changes in the tax code. Mr. Moorefield explained although these are separate boards, it is the same group of individuals serving on each. Mr. Moorefield stated current members can continue to hold office until their successors are qualified. Mr. Moorefield stated there is no necessity for action at this time.

There being no further business, the meeting adjourned at 11:15 a.m.