

CUMBERLAND COUNTY FINANCE COMMITTEE  
NEW COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564  
MAY 8, 2014 - 9:30 AM  
SPECIAL MEETING MINUTES

MEMBERS PRESENT: Commissioner Marshall Faircloth, Chairman  
Commissioner Kenneth Edge  
Commissioner Billy King

OTHER COMMISSIONERS

PRESENT: Commissioner Jeannette Council  
Commissioner Ed Melvin

OTHERS: Amy Cannon, Interim County Manager  
James Lawson, Assistant County Manager  
Quentin McPhatter, Assistant County Manager  
Rick Moorefield, County Attorney  
Melissa Cardinali, Finance Director  
Vicki Evans, Accounting Manager  
Sally Shutt, Chief Public Information Director  
Buck Wilson, Health Department Director  
Rodney Jenkins, Health Department Assistant Director  
Kendra Manning, Employee Wellness Coordinator  
Mark Browder, Mark III Brokerage Services  
Jeffrey Brown, Engineering and Infrastructure Director  
Candice White, Clerk to the Board  
Press

Commissioner Faircloth called the meeting to order.

1. APPROVAL OF MINUTES – APRIL 3, 2014 REGULAR MEETING

MOTION: Commissioner Edge moved to approve the minutes.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (3-0)

Commissioner Faircloth asked if there were additions to the agenda. Amy Cannon, Interim County Manager, requested the addition of a closed session for an Attorney/Client Matter. Consensus of the committee was to add the closed session as Item 2. and renumber the remaining items accordingly.

2. CLOSED SESSION FOR ATTORNEY/CLIENT MATTERS PURSUANT TO NCGS 143-318.11(A)(3)

MOTION: Commissioner Faircloth moved to go into closed session for Attorney/Client Matter(s) pursuant to NCGS §143-318.11(a)(3).

SECOND: Commissioner Edge  
VOTE: UNANIMOUS (3-0)

MOTION: Commissioner Faircloth moved to reconvene in open session.  
SECOND: Commissioner Edge  
VOTE: UNANIMOUS (3-0)

### 3. UPDATE ON CLINIC AND WELLNESS PROPOSAL

Mark Browder, Mark III Brokerage Services, provided the following as an update on the Clinic and Wellness Request for Proposals (RFP).

Below are vendors who responded to the Clinic and Wellness RFP:

- Cumberland County Health Department
- Novant Health
- Better Care Wellness
- Carolinas HealthCare System
- UNC Department of Family Medicine

Below are vendors who did not respond:

- Vidant Health
- Target Care
- Rival Health
- Cape Fear Valley
- First Health
- Doctors Direct Health Care

Next Steps:

- Responses are being reviewed.
- Mark III staff are convening on May 9<sup>th</sup> to start the spread sheeting process and develop follow up questions concerning the responses.
- Cumberland County leadership and Mark III will be meeting the week of May 27<sup>th</sup> to narrow down the finalists.
- Finalists' presentations will be conducted the week of June 9<sup>th</sup>.

Employee Health Improvement Initiative - 2014-2015 Incentive Plan Qualifications:

- To qualify for the Discounted Rates, the employee must participate in the biometrics, and;
- Meet 3 out of the 4 moderate control categories.

Risk Factor	Moderate Control
Waist Circumference	Abd Circ <40" Male Or 35" Female
<i>Alternate method to qualify</i>	<i>Or improve by 5%</i>
Blood Pressure	<140/90 mmHg

<i>Alternate method to qualify</i>	<i>Or improve lose 10/5 mmHg</i>
Cholesterol Ratio	5.5
<i>Alternate method to qualify</i>	<i>Or improve by 10%</i>
Glucose	<199mg/dL (non-fasting)
<i>Alternate method to qualify</i>	<i>Not applicable</i>

Mr. Browder stated based on feedback, the glucose standard is being modified from fasting to non-fasting levels. Mr. Browder stated the Health Department was comfortable setting the level just below the diabetic threshold which is still consistent with guidelines. In response to a question posed by Commissioner Keefe, Mr. Browder reported the pure cost per month per employee for all claims for the current year is \$604.74. Mr. Browder stated this figure changes every month.

Ms. Cannon stated based on the schedule Mr. Browder laid out, a wrap up and proposal will be brought back to the August meeting of the Finance Committee. Chairman Council asked to be updated following the May 27<sup>th</sup> meeting of senior staff and Mark III. Mr. Browder stated presentations from finalists will be in June and are critical to the decision making process.

#### 4. BULLARD CIRCLE UPDATE

Ms. Cannon recognized Jeffrey Brown, Engineering and Infrastructure Director, who reviewed the background information, recommendations and Bullard Circle survey results as recorded below. Mr. Brown stated seventy-five surveys were mailed and forty-six were received; five surveys were returned with options #1 and #2 checked. Mr. Brown also stated the majority of the surveys indicated the community was interested in and would connect to a water system. Mr. Brown further stated most indicated the best option and the quickest way to get the water system in place would be through a special assessment process.

#### BACKGROUND:

As you are already aware, the Bullard Circle community has drinking water wells that contain arsenic levels that exceed the State's drinking water standards. A public meeting was held on March 20<sup>th</sup> to further define the issues with the water supply wells to the citizens as well as to answer questions and gather feedback. Staff was directed by the Board of Commissioners on March 25<sup>th</sup> to develop a plan within the next 30 days that would supply the citizens within the Bullard Circle community with public water. A community survey was developed and mailed to each property owner within the impacted area on March 27<sup>th</sup>. The survey results indicated that the majority of the people that responded to the survey would like public water and would prefer to pay for it through a special assessment process.

At the current time, staff has determined that the quickest way to get public water to the community would be for the County to fund the project on the front end and have the citizens repay the cost of construction through a special assessment process. This approach has previously been used in other cases.

On April 9<sup>th</sup>, County Management sent a letter to Steve Blanchard requesting that PWC participate in the cost of this project based on their policy of participating in rural areas where contamination has been identified. Mr. Blanchard responded back in writing the following day stating that his recommendation would be for PWC to participate at 25% of the cost of installing a public water system. However, the City Manager informed County Management the same day that the City Council has not made a formal decision on whether or not annexation would be required in this situation. The City of Fayetteville has a policy that states that in order for PWC to extend public utilities to a parcel then the property owner has to petition to be annexed by the City of Fayetteville. Based on the feedback received at the public meeting, it does not appear that the citizens would be willing to petition for annexation in exchange for public water. County Management has sent a letter to the City Manager requesting that City Council waive the annexation requirement.

At the current time, there are two different approaches that the County can take in order to provide water to this community. Each option is described below.

*Option #1*

The County has formally requested that the City of Fayetteville waive its annexation policy, which would then allow PWC to participate up to 25% of the project. This item will be discussed at the City Council Work Session on Monday, May 5<sup>th</sup>. The County then in turn could participate up to 25% leaving the remaining portion (50%) to be paid by the property owners through the use of a special assessment. The County Commissioners have the ability to set the interest rate along with the number of years of the assessment. Upon completion of the project, PWC would own and maintain the water system and the residents would be charged outside city rates.

*Option #2*

The County could create a water and sewer district for the community and then install a public water system. The County could be a bulk water purchaser from PWC and the County would own and maintain the water system. The County would establish the rate structure, bill the residents and collect the monthly usage fees. This scenario would mirror what the County is currently doing within the Southpoint Water System. The question to be answered is what would be the cost contribution by the County as that will determine the amount that the property owners would be responsible for paying back through the use of a special assessment.

The biggest obstacle with either option is the fact that there are several private streets where water mains will have to be extended in order to reach all the impacted residents. The County Attorney's office is currently working to determine ownership of these streets. It appears that the only way to adequately and legally obtain a utility easement along these street corridors is to condemn the property. This process could take up to four months.

**RECOMMENDATION/PROPOSED ACTION:**

The Engineering and Infrastructure Director and County Management recommend to the Finance Committee that the preferred option would be for PWC to participate in the project and for PWC to own and operate the water system once installation is complete.

It is also recommended that a Request for Qualifications (RFQ) be issued now to move forward with the selection of a full service engineering firm that can provide the necessary surveying and engineering needed for the project. The surveying component is the most critical as to the fact that a legal description will be needed in order to move forward with condemnation.

**Bullard Circle Survey Results**

75 Surveys Mailed 3-27-14

47 Surveys Received as of 5-9-14

5 Surveys were returned with both options 1 & 2 checked. They also checked "Yes" for connection.

These surveys are not calculated in the totals due to the selection of multiple options

22 Residences with contamination

**Results of All Surveys Returned**

<b>Options</b>		<b>Percent</b>	
Option 1	Create a Water & Sewer District	10	21%
Option 2	Special Assessment	27	57%
Option 3	Nothing	10	21%
<b>Would You Connect?</b>			
Yes	31	66%	
No	12	26%	
NA	4	9%	(NA, did not answer)

**Results of all Surveys Returned with Arsenic >.010**

<b>Options</b>		<b>Percent</b>	
Option 1	Create Water & Sewer District	3	20%
Option 2	Special Assessment	10	67%
Option 3	Nothing	2	13%
<b>Would You Connect?</b>			
Yes	13	87%	
No	2	13%	
NA	0	0%	(NA, did not answer)

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Mr. Brown stated at the May 5, 2014 work session of the Fayetteville City Council, there was a vote of five to four to waive the annexation requirement and place the matter on the City Council's May 27, 2014 consent agenda; one City Council member was absent from the work session.

Mr. Brown stated his recommendation and the recommendation of County Management is that the best option would be for the city to waive the annexation and allow PWC to participate in the project. Mr. Brown stated homeowners would be responsible for 50% of the total cost of a project. Mr. Brown stated the Board of Commissioners would have the opportunity to assess the interest rate and number of years. Mr. Brown responded to

questions and stated the county's participation would be up to 25% and PWC would participate at 25% of the cost of installing a public water system. Mr. Brown stated the county would front the project costs and homeowners would pay the county back through the assessment process over a period of years. Discussion followed.

Mr. Brown stated from a timing standpoint, it would be advantageous for the county to issue a Request for Qualifications (RFQ) while the city is making its decision in order to move forward with the selection of a full service engineering firm that can provide the necessary surveying and engineering needed for the project. Consensus was to hold off on the RFQ.

## 5. MONTHLY FINANCIAL REPORT

### A. SALES TAX UPDATE

#### BACKGROUND:

Over the past couple of months, the Finance Committee has been advised of anticipated reductions in sales tax distributions for Fiscal Year 2013-14. Collections continue to run approximately 4.4% behind FY13 collections which could result in a \$2,400,000 deficit compared with budget. Meanwhile, the majority of the State is enjoying a slight increase in sales tax collections.

In an effort to fully understand the situation in Cumberland County, the county reached out to the NCACC, another North Carolina county that is home to the military (Onslow), and to military officials. Through these efforts, the county has surmised that - the future is not bleak but the county must proceed with caution in order to weather changes over the next decade.

The current sales tax picture for FY14 has been dramatically shaped by the multi-faceted impact of civilian furloughs, sequestration, fewer troop deployments to combat zones, the Federal shutdown and extremely bad weather.

While Fort Bragg has reached an all-time high of assigned troops, a reduction of around 2,000 troops over the next 2 years will bring the post closer to personnel levels similar to two years ago. Fort Bragg units have unique capabilities that will likely assist in providing some protection for the post's future. However, sequestration will be back in Fiscal Year 2016 and remains a player in the economic picture through 2021. There is also an impending BRAC discussion that will likely have an impact in FY17 to both the military and civilian work forces.

The combination of these potential events leads to an outlook for sales tax featuring peaks and valleys over the next five to 10 years.

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Ms. Cannon stated it has been reported over the past several months that the county's sales tax has been extremely disappointing and the reason has been questioned because other jurisdictions in the state have seen increases in sales tax.

Ms. Cannon stated research was conducted and the results of that effort will pose considerations for the remainder of the fiscal year as well as the upcoming recommended budget. Ms. Cannon stated a more detailed presentation will be provided during the budget presentation.

Ms. Cannon called on Melissa Cardinali, Finance Director, who reviewed the background information as recorded above. Ms. Cardinali stated the State has experienced about a 4% increase in its taxable sales from the prior year and Cumberland County is basically flat as of today. Ms. Cardinali stated January and February appear to have seen the impact of Amazon internet sales and this has prevented the county from showing a deeper decline in sales tax. Ms. Cardinali stated after reaching out to other military counties and after talking with Colonel Jeffrey M. Sanborn, Fort Bragg Garrison Commander, the message to keep in mind is that even though the future for sales tax is not bleak, the county needs to proceed cautiously over the next five to ten years. Ms. Cardinali spoke to the economic impact of sequestration, furloughs, federal shutdown and threat of a January shutdown and inclement weather. Ms. Cardinali stated the good news is that Ft. Bragg believes that it is a unique installation and that this will provide some protection and possible gain during the next BRAC. Ms. Cardinali stated she wants to ensure the Finance Committee that the county has a handle on the impacts and will weather future sales tax ups and downs because there is no anticipation of a real incline upwards. Ms. Cardinali responded to questions. Ms. Cannon stated the county's two largest sources of revenue are property and sales taxes, and the county depends on natural growth in those two areas to help it with new initiatives and mandates. Ms. Cannon stated the lack thereof presents challenges in balancing the recommended budget.

## B. REVIEW OF FINANCIAL REPORT

### BACKGROUND:

The financial report is included as of March 31, 2014. Highlights include:

- Revenues
  - Ad valorem taxes: collections continue at a pace consistent with the prior fiscal year.
  - Sales taxes: collections are currently 4.4% behind fiscal year 2012-13. At the existing pace revenue will likely be \$2,400,000 less than budget. We did not see the expected positive impact from internet sales beginning with the April distribution. It appears sales tax revenue continues to feel the effects of last year's sequestration as well as the federal shutdown in the fall of 2013.
  - Pet registration fees: 88.7% of budget has been collected – the same level for the March time period in FY13.
  
- Expenditures
  - Expenditures remain in line with budget and show no unusual patterns.

- Crown Coliseum
  - Financial statements as presented to the CCCC Board are included.

RECOMMENDATION/PROPOSED ACTION:

No action needed – for information purposes only.

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Ms. Cardinali referenced the financial report as provided and stated Crown Coliseum financial statements as presented to the Civic Center Commission are also included and will continue to be included each month.

6. DISCUSSION OF COUNTY GOVERNMENT EFFICIENCY STUDY

Commissioner Faircloth stated he initiated the idea of a county government efficiency study and the current interim situation may be a good time to see whether county government is running efficiently and operating at optimum levels across all county departments. Commissioner Faircloth stated commissioners do not have a sense of the day to day operations of the county and his feeling has been that during the recession time period, the county purposefully attempted to be an economic engine for the county. Commissioner Faircloth stated those employment levels may have been maintained and a consultant can make an objective study of the county's operations either all at once or in sections.

Commissioner King stated he did not have a problem looking at county operations and efficiency as long as the cost was reasonable. Commissioner Edge stated the North Carolina Association of County Commissioners (NCACC) knows of one North Carolina resident that performs efficiency studies and the depth of the study determines the costs of the study. Commissioner Edge stated he supports the idea and suggested that the appropriate time may be after the new county manager is in place. Ms. Cannon stated she would like to take the opportunity during the budget presentation to update the board of commissioners on county-wide technology initiatives that she believes will pay off over a couple of years. Ms. Cannon stated operational efficiencies through technology are guiding items in the recommended budget. Commissioner Keefe stated he endorses an efficiency study. Chairman Council stated an efficiency study was not a bad idea but she does not feel it should be conducted at the present time. A brief discussion followed. Consensus was to give the matter further thought and discussion.

7. OTHER MATTERS OF BUSINESS

Ms. Cardinali introduced Vicki Evans as the newly hired Accounting Manager.

There being no further business, the meeting adjourned at 11:00 a.m.