

CUMBERLAND COUNTY FINANCE COMMITTEE
COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
SEPTEMBER 4, 2014 - 9:30 AM
MINUTES

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

OTHER COMMISSIONERS
PRESENT: Commissioner Jeannette Council

OTHERS: Amy Cannon, County Manager
 James Lawson, Deputy County Manager
 Melissa Cardinali, Assistant County Manager
 Phyllis Jones, Assistant County Attorney
 Vicki Evans, Accounting Manager
 Sally Shutt, Government Affairs Officer
 Jeffrey Brown, Engineering and Infrastructure Director
 Randy Beeman, Emergency Services Director
 Julean Self, Human Resources Assistant Director
 Mark Browder, Mark III Brokerage Services
 Candice White, Clerk to the Board
 Press

Commissioner Faircloth called the meeting to order.

1. APPROVAL OF MINUTES – AUGUST 7, 2014 REGULAR MEETING

MOTION: Commissioner King moved to approve the minutes.
SECOND: Commissioner Faircloth
VOTE: UNANIMOUS (3-0)

2. UPDATE ON EMPLOYEE WELLNESS CLINIC

Mark Browder, Mark III Brokerage Services, provided the following PowerPoint presentation as the Clinic and Wellness services update and recommendations.

Clinic and Wellness Request for Proposals

The County implemented the Clinic for the following reasons:

- Provide a low cost point of access for basic medical care for employees.
- Support Wellness Initiatives.
- Reduce employee time away from work while accessing basic health care needs.
- Deliver savings to the employees and County.

The County requested proposals for Clinic and Wellness services for the following reasons:

- Gain greater employee acceptance of the clinic.
- Increase patient flow into the clinic.
- Integrate the wellness program with clinic operations, including annual screenings, and data collection.
- Have a greater impact on employee health improvement.

Below are vendors who responded:

- 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

Mr. Browder stated Mark III reached out to Cape Fear Valley on a couple of occasions to be certain they did not want to participate in the process; however, they felt they were really not in a good position to provide the clinic and wellness services.

Finalist presentations were conducted on June 11th.

- The finalists were:
 - Carolinas Healthcare
 - County Health Department
 - Novant Health
- Additional proposal clarifications were obtained.
- Revised parameters for clinic staffing were established to meet budget needs.

In reviewing the final responses, the recommendation is to contract with Novant Health for the following reasons:

- Comprehensive Wellness Experience – Novant works with multiple public sector employers in North Carolina
- Comprehensive Data Collection – Tracking
- Novant can manage accountability standards
- Robust reporting tools – MedAi for predictive modeling and claims data integration with BCBSNC
- Competitive cost structure

Mr. Browder stated the following table identifies the cost of each of the operations at the clinic for which Novant was the most competitive. Mr. Browder stated the County Public Health was

not capable of conducting an annual screening event because it would have had to stagger screenings over a twelve month period which did not meet the needs of the annual event.

WELLNESS CENTER ITEMS	NOVANT HEALTH	COUNTY PUBLIC HEALTH	CAROLINAS HEALTHCARE
CENTER'S START UP COSTS	\$16,539.00	\$90,000.00	\$15,000.00
CENTER'S OPERATIONAL COSTS	\$338,405.00	\$278,306.00	\$364,315.00
CENTER'S COSTS	\$354,944.00	\$368,306.00	\$379,315.00
COST PER HEALTH SCREENINGS	\$40.00	Staff Limitations to Support Annual Event. Challenged to track data.	\$45.00 per employee/plus \$38,060 Fee
SCREENINGS - 90% -1710 EMP	\$68,400.00	No – Unable to track data and host event	\$115,010.00
TOTAL COST FOR ALL ITEMS	\$423,344.00	Incomplete Screenings were not included	\$494,325.00
MANAGE AREA PHYSICIANS	YES	NO	NO
SOFTWARE TO INTEGRATE MEDICAL CLAIMS, PROVIDE PREDICTIVE MODELING and DATA REPORTING	YES – NO COST	NO	YES – \$5,000 Plus .95 Per Emp.Per Month
HEALTH COACHING	YES – NO COST	YES – NO COST	YES – NO COST

Novant Health:

- Third Party partner serving employees – Privacy and autonomy
 - Anticipate increased patient traffic in clinic
- Has screening capacity to handle annual event
- Cape Fear will partner with Novant to assist in finding staff to serve the clinic.
- Novant will utilize and integrate Cape Fear/local physician resources to deliver a comprehensive health care solution for County employees.
- Connected to the local provider community. Novant Health provides management for:

Carolina Pulmonary & Sleep Clinic PLLC
Integrated Pain Solutions
Life Enhancements Medical Services
Pinnacle Family Care

Next Steps:

- Close current clinic effective September 30, 2014.
- Anticipated opening of the Novant Wellness Center in early 2015.

- Begin contract review by Legal Department immediately.
- October 1, 2014:
 - Inventory clinic by Finance Department.
 - Begin transition of all records to Novant Health by Wellness Coordinator.
 - Pharmacy staff, Wellness Coordinator, and clinic operations will report to Assistant County Manager/Finance as part of comprehensive risk and health plan management.

In response to a question posed by Commissioner Edge, Amy Cannon, County Manager, stated the Public Health Department's start-up cost was greater in part because it included a wellness fitness center as part of their wellness solution/strategy and medical equipment.

Commissioner Keefe asked whether it will cost more or less to operate the pharmacy and clinic when considering Novant's total cost is just over \$400,000. Melissa Cardinali, Assistant County Manager, stated the cost to currently operate the clinic is \$260,000 but it is not being operated at the same level as Novant's; Novant's cost also includes screenings. Ms. Cannon stated tremendous savings are appreciated through the county's operation of the pharmacy and the pharmacy has doubled its number of monthly subscriptions. Ms. Cannon explained the funding for the clinic, wellness and pharmacy are out of the county's health insurance pool of funds and there are available funds to handle the comprehensive new approach.

In response to a question posed by Commissioner Council, Mr. Browder stated the clinic will continue to operate with a nurse practitioner and physician oversight.

Commissioner Edge asked whether the county will save money when considering the costs to operate the pharmacy, the clinic and wellness component. Mr. Browder stated as far as plan performance, the county has not had a benefit change in many years and costs have been extremely stable over the last several years. Mr. Browder stated the initiative and processes the county has implemented have worked very well but the one outlier is that the lack of traffic/buy in from employees. Mr. Browder stated Novant's independence from the county is felt to be a positive for employees and projections are for the uptake initially sought in employee traffic. Mr. Browder stated unfortunately, some of the hospitals and physicians raise their cost structure. Ms. Cannon stated changes in Federal law have been responsible for some of the areas that had to be increased and there are more to come. Mr. Browder stated two-thirds of the costs of renewal this year were health care reform related and benefit mandates are also forthcoming which will make a significant change to the additional cost of the plan; these costs are uncontrollable.

Commissioner Keefe asked whether there would be any restriction on an employee following up with their physician after having been seen by Novant Health. Mr. Browder stated there would be no restrictions and Novant Health's goal is to work with the medical community and not steer employees to a Novant Health provider.

MOTION: Commissioner King moved to recommend a contract with Novant Health to the full Board.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (3-0)

3. CONSIDERATION OF BUDGET REVISION ALLOWING FOR COMPENSATION OF EMPLOYEES SUCCESSFULLY COMPLETING THE TELE-COMMUNICATOR PROFESSIONAL DEVELOPMENT PROGRAM

BACKGROUND:

The Emergency Services Department currently has an in-house dispatch professional development program for tele-communicators. There are 3 levels to the program. With successful completion of each level, employees receive additional compensation to reflect the certification achievement and competency in each area of dispatch.

It was discovered that while employees have been successfully completing the professional development program, the associated compensation was not received for fiscal years 2013 and 2014. In order to provide the compensation for the affected employees, a revision to the Emergency Services budget is needed. The total fiscal impact for the two previous years is approximately \$25,500.

Going forward, controls have been put into place by Emergency Services and Human Resources to insure future achievements are recognized upon completion. Further monetary recognition will be limited to \$500 for each level achieved, allowing for equitable recognition among employees.

RECOMMENDATION/PROPOSED ACTION:

Approve budget revision allowing for compensation of employees successfully completing the Emergency Services professional development program.

Ms. Cardinali reviewed the background information and recommendation as recorded above. In response to a question from Commissioner Edge, Ms. Cardinali stated the previous compensation was 5% as each level was reached and the \$500 is to ensure the compensation is equal regardless of an employee's compensation level. Commissioner Edge asked why compensation was not received for fiscal years 2013 and 2014. Mr. Cardinali stated it was due to a lack of standardized procedures and changes in personnel employed in that department. Ms. Cardinali stated the \$25,500 requested is for seven employees being compensated at 5% for each level achieved.

Randy Beeman, Emergency Services Director, explained when staff are brought into the call center, they have received the basic training and skills sets through the International Association of Dispatch in the areas of emergency medical dispatch, emergency fire dispatch, emergency police dispatch and emergency call taker. Mr. Beeman explained the employees are then indoctrinated into the physical aspects of the job of answering the phone and additional training or "chair time" which consists of sitting in a fire position for nine months, emergency services for three months and law enforcement for twelve to fifteen months due to the complexities of calls received in the Law Enforcement Center. Mr. Beeman stated after having been successfully tested and reviewed, staff are approved for pass through.

Julean Self, Human Resources Assistant Director, explained that through the classification study, the three levels for tele-communicator positions were collapsed into one level and now they are compensated within the salary range for that one level.

Mr. Beeman assured the committee that when the public dials 911, a skilled operator answers;

staff participating in the professional development program are being trained along side the skilled operators and do not operate alone without having been certified in all the required levels of proficiency. In response to a question posed by Commissioner Edge, Mr. Beeman stated under the conditions of employment, future tele-communicators will be made aware that they will receive the certifications within a designated operational period and the \$500 compensation.

MOTION: Commissioner Edge moved to approve budget revision allowing for compensation of employees successfully completing the Emergency Services professional development program.

SECOND: Commissioner King

VOTE: UNANIMOUS (3-0)

4. CONSIDERATION OF SALES TAX AGREEMENT WITH SEGAL REVENUE SPECIALISTS

BACKGROUND:

The County has engaged Segal Revenue Specialists for many years to review sales tax refunds and insure that all sales tax dollars that should be distributed to Cumberland County are indeed allocated to Cumberland. This arrangement with Segal is on a fee contingency basis. In other words, if no funds are due to Cumberland County then Segal does not receive anything.

Recently the NC Department of Revenue made the decision to perform reviews of sales tax reallocations on the 700 largest refunds. Their goal is insure the quality and accuracy of the process to minimize the fluctuations in sales tax refunds.

However, the effort by the NC Department of Revenue will not provide a review of all sales tax refund requests. Approval of the contract with Segal Revenue Specialists will aid in the effort to insure review of all of the sales tax refunds that impact Cumberland County, not just the larger refunds.

RECOMMENDATION/PROPOSED ACTION:

Approve letter of agreement as recorded below with Segal Revenue Specialists.

LETTER OF AGREEMENT

SEGAL Revenue & Expense Specialists, Inc. (SEGAL) and Cumberland County (CLIENT) hereby enter into this letter of Agreement whereby SEGAL shall serve as a consultant to CLIENT to examine and analyze the following listed revenue of CLIENT and to achieve refunds or adjustments in these areas:

NC Sales and Use Tax Funds

1. Discovery of Additional NC Sales and Use Tax Refunds and/or
2. County Tax Reallocation Adjustments to any Non-Profit/Governmental Entity receiving county sales tax refunds from the County

SEGAL will request CLIENT to request a report from NC Revenue as to Non-profit and governmental entities receiving county tax funds from the County. Based on this list SEGAL will then assist any and all entities with a review of their E-585 Refund claims and implement the necessary adjustments and submit for review by NC Department of Revenue in order for County to receive these funds. SEGAL will also review the records of CLIENT to discover unclaimed NC sales and use tax.

Client agrees to pay SEGAL a fee for this service based upon the average annual amount of County Tax being requested by the non-profit entity under review on their original refund claim, as follows:

PROFESSIONAL SERVICES:	FEES:
Annual refund claims requesting \$500,000 or more of County tax	30%
Annual refund claims requesting \$300,000 to \$500,000 of County tax	35%
Annual refund claims requesting \$150,000 to \$300,000 of County tax	40%
Annual refund claims requesting \$75,000 to \$150,000 of County tax	45%
Annual refund claims requesting less than \$75,000 of County tax	50%

The fee percentage will be applied to the county sales tax distributed by the State based on the verification supplied by the NC Department of Revenue. Cumberland County and the City of Fayetteville will be billed for their pro-rata share of the fee.

This fee will be due within 45 days of CLIENT'S receipt of funds or official documentation from the North Carolina Department of Revenue evidencing the additional sales/use tax revenue being transferred or paid to the CLIENT.

SEGAL AGREES TO MAINTAIN IN STRICT CONFIDENCE ALL INFORMATION RECEIVED FROM CLIENT CONCERNING ITS REVENUES/EXPENSES AND METHODS OF DOING BUSINESS. FURTHERMORE, SEGAL ACTS AS A CONSULTANT ONLY AND DOES NOT RECEIVE ANY COMMISSIONS OR REMUNERATION OF ANY KIND FROM ANY VENDORS OR SERVICE PROVIDERS.

SEGAL has contracted with Dixon Hughes Goodman LLP to assist with this project.

Ms. Cardinali reviewed the background information and recommendation as recorded above. Ms. Cardinali explained the NC Department of Revenue has not historically participated in auditing sales tax refunds they receive and Cumberland County engaged SEGAL for many years on a contingency basis; if they find monies owed to the county, they receive a percentage but do not receive anything otherwise.

Ms. Cardinali stated the NC Department of Revenue has now decided it will now perform a review of the top 700 sales tax reallocations within the State each year which means for SEGAL that all the large sales tax revenues are being taken off the table. Ms. Cardinali stated the NC Department of Revenue is not readily forthcoming with information about sales tax refunds and what this means for Cumberland County is that unless it hires a firm such as SEGAL, it stands to lose if one of the sales tax refund allocations is incorrect. Ms. Cardinali stated this letter of

agreement will secure SEGAL on a contingency basis at a percentage that goes up as the reallocation goes down. Ms. Cardinali stated unless the county has a backup system in place, it cannot be assured sales tax refunds are being handled appropriately and sales tax revenues are not exposed to any undue decline. Ms. Cardinali responded to questions and explained the county reached out to Fayetteville to be sure it pays its percentage of any findings; if Fayetteville does not participate, there can be no agreement with SEGAL. Ms. Cardinali stated county staff have not yet heard from Fayetteville but SEGAL has reached out to the city.

MOTION: Commissioner King moved to approve the letter of agreement with Segal Revenue Specialists.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (3-0)

5. MONTHLY FINANCIAL REPORT

BACKGROUND:

The financial report is included as of June 30, 2014 (13th Period). Highlights include:

- Revenues
 - Ad valorem taxes: collections remain consistent with last year with a current rate of 99.13%.
 - Sales taxes: final sales tax disbursement for FY14 to be paid next month. Collections continue to remain under budget.
- Expenditures
 - Expenditures for all departments remain in line with previous years and show no significant variances.
- Crown Coliseum
 - A FY14 summarized income statement representing operating revenues and expenses of Global Spectrum as well as the County's Financial Summary for the Crown was provided. Beginning in Fiscal Year 2015 we will provide this information in one document.

RECOMMENDATION/PROPOSED ACTION:

No action needed – for information purposes only.

Vicki Evans, Accounting Manager, reviewed the financial information as recorded above and stated overall there are not a lot of changes from the prior month and sales tax revenues remain under budget. Ms. Evans explained how she consolidated financial statements from the Crown Coliseum in order to provide a simplified view of its income statements. Ms. Evans responded to questions regarding the Crown Coliseum report. Ms. Cardinali explained challenges associated with Global Spectrum's corporate financial statements when compared to governmental statements and how staff could possibly incorporate FY15 portions moving forward. Ms. Cardinali also explained this has been difficult for FY14 due to the split year but staff can continue to modify moving forward and are open to feedback.

Ms. Cardinali responded to questions and a brief discussion followed. Ms. Cardinali stated Global Spectrum engaged Cherry Bekaert to perform their audit and Cherry Bekaert also performs the county's audit. Ms. Cannon stated there is also the opportunity to perform an internal audit of the Crown Coliseum through the contract with Global Spectrum. Commissioner Edge stated he felt there should be an internal audit of the Crown Coliseum.

Commissioner Edge referenced the income statement for the county and asked whether the county was \$3 million behind in sales tax revenue. Ms. Cannon stated the county is \$3 million behind when compared to this time last year. Ms. Cardinali stated she would ensure postings were correct and respond with an email to the committee.

6. OTHER MATTERS OF BUSINESS

There being no further business, the meeting adjourned at 10:34 a.m.