

CUMBERLAND COUNTY FINANCE COMMITTEE
COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
NOVEMBER 3, 2016 – 9:30 AM
REGULAR MEETING MINUTES

MEMBERS PRESENT: Commissioner Larry Lancaster, Committee Chairman
Commissioner Jeannette Council
Commissioner Kenneth Edge
Commissioner Jimmy Keefe

OTHER COMMISSIONERS PRESENT: Commissioner Glenn Adams
Commissioner Charles Evans
Commissioner Marshall Faircloth

OTHERS: Amy Cannon, County Manager
Tracy Jackson, Assistant County Manager
Melissa Cardinali, Assistant County Manager
Sally Shutt, Governmental Affairs Officer
Rick Moorefield, County Attorney
Deborah Shaw, Budget Analyst
Heather Harris, Budget Analyst
Kim Cribb, Budget Analyst and Grants Coordinator
Jeffrey Brown, Engineering and Infrastructure Director
Randy Beeman, Emergency Services Director
Tammy Gillis, Director of Internal Audit and Wellness Services
Vicki Evans, Finance Director
Dan Domico, Human Resources Analyst
Candice H. White, Clerk to the Board
Press

Commissioner Lancaster called the meeting to order.

1. APPROVAL OF MINUTES – OCTOBER 6, 2016 FINANCE COMMITTEE
REGULAR MEETING

MOTION: Commissioner Keefe moved to approve the October 6, 2016 regular meeting minutes.

SECOND: Commissioner Council

VOTE: UNANIMOUS (4-0)

2. UPDATE ON FY16 ANNUAL AUDIT STATUS

BACKGROUND:

The contracted due date for the annual audit is October 31 for June 30 year-end audits. The Local Government Commission does allow a “grace period” that typically ends around December 1 but that date may be extended if circumstances warrant.

This year it is believed we may not meet the December 1 “grace period” deadline. Finance staff have been working diligently to complete assignments for the FY16 audit while continuing to remain on schedule with all aspects of the financial system conversion. The additional work involved in going live with the payroll system conversion in early October, additional reconciliations required as a result of within-year conversion, and (to a small extent) the impact of Hurricane Matthew have all played a part in causing us to fall behind in our audit schedule. Staff have been committed to ensuring data and reporting accuracy rather than on rushing through the audit process to meet a deadline. Throughout the audit process, communication has been open with Cherry Bekaert staff who have been flexible and completely understanding and have worked with us to accommodate our schedule as needed.

Based on current work load, a conservative estimate is that the audit will be completed and sent to the LGC no later than December 31. As a precaution, because it is believed we have circumstances that warrant an extension, the Finance Director recently spoke with staff of the LGC who advised that we take no action at this time because a potential automatic extension from the LGC is forthcoming. In the event that does not happen, please be aware a contract extension will have to be executed. No additional cost is anticipated.

RECOMMENDATION/PROPOSED ACTION:
No action needed – for information purposes only.

Vicki Evans, Finance Director, reviewed the background information recorded above and stated the potential automatic extension forthcoming from the LGC will be statewide. Ms. Evans stated this update is to let the Finance Committee know the status of the FY16 audit because it is not where it has been for the past three years. Ms. Evans stated because this is for informational purposes, no action is needed.

3. HURRICANE MATTHEW REIMBURSEMENT AND RECOVERY CONSIDERATIONS
A. APPROVAL OF THIRD PARTY CONSULTANT FOR FEDERAL EMERGENCY
MANAGEMENT AGENCY (FEMA) REIMBURSEMENT

BACKGROUND:

A request for proposal (#17-14-ES) was issued on Monday, October 24, seeking qualified firms to provide FEMA public assistance program consulting in response to Hurricane Matthew. Responses are due back to the County on Friday, October 28 at 1 PM. A list of the primary tasks within the RFP included:

- Coordinate and develop all project work sheets as required documentation requirements of FEMA
- Assist to resolve Insurance and possible duplication of funding issues
- Assist in getting the necessary legal documents for proper filing
- Advise the County on document retention strategies

- Coordinate with the County staff to obtain all cost and necessary backup documentation to develop, revise and submit Project worksheets
- Coordinate with FEMA representatives to provide additional information needed to quickly process worksheets
- Track status of FEMA reimbursement and serve as a co-liaison between FEMA and the County
- Prepare the necessary reports to FEMA and assist the County with extension requests
- Advise the County on the management of the closeout process
- Assist the County in responding to Request for Information requests from FEMA
- Advise the County on handling disputed issues with FEMA/State Staff
- Provide detailed and periodic management reports on the status of Project Worksheets including developments, revisions, submissions/approvals, open issues, financial overview, etc.
- Provide Cash Management reports showing the projected schedule for reimbursement requests and the actual status of reimbursements received
- Provide the County accurate and current analysis on FEMA regulations and best strategies for maximizing reimbursements and to secure other funding sources when applicable, possibly grants
- Develop a process/system to efficiently submit Federal grant applications, identify eligible projects, capture costs, prepare cost reports, reconcile invoices, and close-out projects
- Attend meetings with relevant local, state, and federal officials to address eligibility and process issues, at the request of the client
- Proactively identify and resolve issues that may arise related to the funding of work completed or to be completed
- Obtain, analyze and gather field documentation, including gathering relevant records in order to extract pertinent information necessary for submittal including timekeeping and staff assignment records
- Review all data and supporting documentation to determine whether costs appear eligible and are adequately supported
- Evaluate and assist in the formulation of FEMA PA Emergency and Permanent Work Project Worksheets. This will involve expertise in Cost Estimating, developing Detailed Damage Descriptions and Dimensions (DDD) and a project's Scope of Work (SOW)
- Prepare first and second appeals, and arbitration as required
- Monitor reconstruction efforts, actual versus Project Worksheet scope of repair, and progress payments
- Perform Project Worksheet closeouts
- Respond to audit findings, as required

After bid opening but before the Finance Committee meeting, the RFP responses will be reviewed. For the Finance Committee meeting, summary information regarding the

responding top qualified firms will be presented along with a Management recommendation for a contract.

RECOMMENDATION/PROPOSED ACTION:

Management will be requesting approval of the recommended vendor to provide FEMA public assistance consulting services and approval to move forward with contract approval during the November 7th Board of County Commissioners meeting.

In addition to the information recorded above, Ms. Evans reviewed the following background information handed out at the meeting to include responses to the RFP that was sent out for FEMA public assistance program consulting in response to Hurricane Matthew.

BACKGROUND:

A request for proposal (#17-14-ES) was issued on Monday, October 24, seeking qualified firms to provide FEMA public assistance program consulting in response to Hurricane Matthew. Responses were received on Friday, October 28. The county received responses from five separate companies. Hourly rate comparisons are shown below:

BID TOTALS - FEMA PUBLIC ASSISTANCE CONSULTING #17-14-ES

RFP Listed Positions	Adjusters International, Inc.	DMS Disaster Consultants	Ernst & Young LLP	Hagerty Consulting, Inc.	Innovative Emergency Management, Inc. dba IEM
Senior Advisor for Disaster Recovery	No Charge	\$ 208.00	\$ 299.00	\$ 180.00	\$ 165.00
Technical Assistance Liaison	190.00	107.00	198.00	190.00	137.00
Appeals Specialist	190.00	165.00	147.00	220.00	145.00
Debris Specialist	160.00	80.00	147.00	175.00	122.00
Mitigation Specialist	160.00	155.00	147.00	230.00	137.00
Disaster Recovery Specialist	160.00	147.00	147.00	230.00	125.00
Project Manager	190.00	145.00	249.00	195.00	145.00
Overall Total	\$ 1,050.00	\$ 1,007.00	\$ 1,334.00	\$ 1,420.00	\$ 976.00

All costs proposed are to be inclusive of labor, materials, equipment, incidentals, etc. necessary to provide the scope of services outlined in the RFP. Rates proposed are also to include all expenses, including general overhead, equipment, field overhead, profit, travel per diem, all necessary food, water, restroom and lodging facilities needed to provide these services.

All bidders met the qualifications. However, in addition to having the most competitive overall hourly rates, IEM is also a woman-owned company and they provided the most comprehensive and specific project implementation plan and deliverables within their bid. Contingent on working out a satisfactory contract, management is recommending that a contract be awarded to IEM as a first choice and DMS Disaster Consultants as a second choice in an amount not to exceed \$150,000 and approval of a corresponding budget revision.

RECOMMENDATION/PROPOSED ACTION:

Management recommends that the Finance Committee approve moving forward to the November 7th Board of County Commissioners meeting and award the FEMA Consultant contract to IEM as a first choice (contingent upon working out a satisfactory contract) and DMS Disaster Consultants as a second choice.

General Government Other – Budget Ordinance Amendment B170033 to appropriate fund balance in the amount of \$150,000 for the FEMA Public Assistance Consulting Contract

The Board is requested to approve Budget Ordinance Amendment B170033 for FEMA contracted services in the amount of \$150,000.

Please note this amendment requires appropriation of General Fund fund balance.

Ms. Evans stated IEM had the lowest overall at \$976 compared to the second lowest submitted by DMS at \$1,007. Ms. Evans noted IEM is the only bid that lined out a date-specific time line of the entire process from start to finish. Ms. Evans stated based on that contingent on working out a satisfactory contract, Management is recommending that a contract be awarded to IEM as a first choice and DMS as a second choice not to exceed an amount of \$150,000 which will require a budget revision.

Commissioner Keefe asked how this would be paid. Ms. Cannon stated as she understands it, FEMA will reimburse 75% of the cost of the consultant and it is believed that a consultant will be valuable as it relates to some of the unique challenges created by Hurricane Matthew and the fact that FEMA guidelines have changed significantly over the past two years. Ms. Cannon stated the consultant can also help the County wade through the guidelines so it can get reimbursed.

Additional questions followed. Ms. Evans stated IEM had the best proposal submitted as far as detail and the listing of deliverables and were the only respondents who did so. Ms. Evans stated she contacted their references which were all very good. Ms. Cannon stated County Attorney Moorefield is in the process of reviewing the contract and the request of the Finance Committee is to place the contract on the November 7 agenda. Rick Moorefield, County Attorney, stated there are no significant issues with either of the low bids and he did not see any issues with IEM although there was one issue with DMS and Adjusters that could perhaps be negotiated. Ms. Cannon stated the earliest IEM can start is November 14.

Commissioner Adams inquired regarding enforcement of IEM's deliverables. Mr. Moorefield stated that can be made a condition of the contract and IEM's bid document can be incorporated into the contract. Ms. Moorefield stated a penalty clause can also be included in the contract. Melissa Cardinali, Assistant County Manager, stated in a meeting with FEMA, they specifically said the County needs to go with the low bid,

preferably MWBE, and IEM met both. Ms. Cardinali states it will likely be more problematic to present to FEMA why the County did not go with IEM.

MOTION: Commissioner Council moved to follow staff recommendation and to include a penalty clause in the contract.

SECOND: Commissioner Keefe

VOTE: UNANIMOUS (4-0)

B. UPDATE ON DISASTER DEBRIS REMOVAL AND MONITORING SERVICE CONTRACTS

BACKGROUND:

As a direct result of Hurricane Matthew (DR-4285), there is an urgent need to implement the management, clearing and removal of storm-related debris throughout the unincorporated areas of Cumberland County. In a coordinated effort between the Engineering and Infrastructure Director/Interim Director of Solid Waste and the Emergency Services Director and staff, Purchasing staff recently issued two requests for proposals (RFP) seeking separate contracts for:

1. Disaster Management, Recovery and Consulting Services which was advertised beginning October 14 with a scheduled bid opening of October 24th at 10:00 a.m. Scope: Disaster management, recovery, and consulting services to support the oversight and management of debris recovery contractors. Contractor shall be capable of providing a range of related services including damage assessment, training, emergency planning, infrastructure restoration, and other services as needed and ordered by the County; and,
2. Disaster Debris Clearance and Removal Services which was advertised beginning October 18th with a scheduled bid opening of October 26th at 10:00 a.m. Scope: Work shall consist of clearing and removing any and all "eligible" debris as defined by Federal Emergency Management Agency ("FEMA") Publication 325, all applicable State and Federal Disaster Specific Guidance ("DSG") and policies, and as directed by the debris manager. Work will include 1) examining debris to determine whether or not debris is eligible, burnable or non-burnable, 2) loading the debris, 3) hauling the debris to an approved temporary debris storage and reduction site (TDSRS) or landfill, 4) reducing the debris, 5) hauling the debris to an approved disposal facility, and 6) dumping the debris at the dumpsite or landfill. Debris not defined as eligible by FEMA Publication 325 or State or Federal DSGs or policies will not be loaded, hauled, or dumped under this contract unless written instructions are given to the contractor by the debris manager.

As of the date of this memo, Purchasing is in the process of reviewing, summarizing and tabulating all RFP results. There are still several steps remaining to reach a point where debris removal can be undertaken by the County.

RECOMMENDATION/PROPOSED ACTION:

For information only. No action is requested at this time.

Tracy Jackson, Assistant County Manager, reviewed the background information recorded above and stated debris removal is heavily regulated and FEMA has a convoluted and complex process for securing reimbursement. Mr. Jackson stated as a result, the County put out RFPs for two separate contracts; overall management for debris removal and the actual hands-on removal of debris from the community as a direct result of Hurricane Matthew in accordance with FEMA rules to get the maximum reimbursement. Mr. Jackson stated staff was able to review the results from companies and consultant weigh in helped guide the County through the process.

Questions and discussion followed regarding C&D and vegetative debris pick up in the unincorporated areas. Mr. Jackson stated it will be difficult to project a schedule until a contractor is in place and the County will be put at risk with FEMA if it pays out of pocket for debris pick up, and if it partners with any municipalities who may not get FEMA reimbursed. Mr. Jackson stated the regulatory side slows the process down and makes it challenging. Ms. Cannon stated a public assistance FEMA agent, who assists local government reimbursement for expenditures, said local government contracts have to be kept separate which means FEMA will not reimburse Cumberland County and the City of Fayetteville together because it could affect FEMA reimbursement. Ms. Cannon also explained if all landfill fees are suspended, the County will not receive FEMA reimbursement because it did not incur the cost.

C. UPDATE ON OTHER RECOVERY EFFORTS

Ms. Cannon stated as an update on other recovery efforts, the County is working on mosquito spraying through the end of November to remediate issues in areas that have been hit the hardest. Ms. Cannon stated this will not be reimbursed by FEMA because of the extensive procurement process that has to be undertaken. Ms. Cannon stated the issue is now and money will be redirected internally.

Commissioner Faircloth inquired regarding eroded river banks. Ms. Cannon stated this is one of the mitigation pieces in which the County is looking to the consultant for assistance. Cecil Combs, Assistant Planning Director, spoke to erosion and sinkholes that will be difficult for the County to deal with because the lands are owned by individuals who will need geo-technical or soil engineering. Mr. Combs stated the County is taking the various situations on a case-by-case basis. A brief discussion followed. Ms. Cannon stated Mr. Jackson has reached out to NCRS and FEMA consultants may also be able to help with the mitigation piece.

4. PRESENTATION ON IMPACT OF NEW FAIR LABOR STANDARDS ACT (FLSA) REQUIREMENTS EFFECTIVE DECEMBER 1, 2016

BACKGROUND:

During the budget planning process for FY17, staff made the Board of Commissioners aware of pending federal requirements that could affect the overtime status of certain classes of employees. Subsequently, President Obama and the Secretary of the Department of Labor (DOL) announced the publication of the DOL's final rule updating its overtime regulations which automatically extend overtime pay protections to millions of workers within the first year of implementation. The presentation included with this memorandum will attempt to highlight the most important impacts upon Cumberland County as a result of DOL's changes to the FLSA.

The effective date of the final rule is December 1, 2016. Future automatic updates to those thresholds will occur every three years, beginning on January 1, 2020. Based upon analysis by staff, the anticipated cost to the County in FY17 will be approximately \$39,208. This amount is well below the \$100,000 budgeted prior to the release of the final rule concerning changes to the FLSA.

RECOMMENDATION/PROPOSED ACTION:

No action is required. This is for information only.

Mr. Jackson reviewed the background information recorded above and stated the impact on the County has been less than initially anticipated. Dan Domico, Human Resources Analyst, who performed the hands-on analysis, provided the following presentation on the Department of Labor's new overtime rules, which falls under the Fair Labor Standards Act (FLSA) and stated Cumberland County is on track to meet the December 1 date.

Overview

- ▶ New DOL Final Rule Changes
- ▶ Important Considerations
- ▶ Position/Employee Summary
- ▶ Next Steps – County Management
- ▶ Questions

New DOL Changes

- ▶ Salary threshold changing from \$455/week (\$23,660/year) to \$913/week (\$47,476/year).
- ▶ The effective date for the final rule is December 1, 2016.

Important Considerations

- ▶ Positions that make less than \$47,476 CANNOT be exempt, regardless of duties.
- ▶ Non-Exempt employees must be compensated for working overtime
 - Must be paid at time and a half for hours worked over 40 in a work week; or
 - Given time off based on OT accrued at time and a half.

- Total annual compensation for highly compensated employees (HCE) is subject to a “duties test” to the annual equivalent of the 90th percentile of full-time salaried workers nationally (\$134,004)

Questions followed. In response to a question posed by Commissioner Keefe, Mr. Domico stated a new U.S. President/Administration could change the new overtime rules instituted under President Obama.

Mr. Domico explained in order to be considered exempt, all three tests have to be met: 1) the salary basis in which one receives a fixed salary with no thinking about the quantity or quality of work, 2) the salary level of \$47,476 and 3) the duties test which is the most difficult. Mr. Domico further explained all positions had to be looked at individually and job titles were not an indication of exempt status. Mr. Domico stated options included increasing salaries to the \$47,476 threshold to maintain exempt status or make employees non-exempt to earn leave at a higher rate of time and a half.

Position/Employee Summary

	Positions	Employees
Currently Exempt	526	459
Current Exempt Elected Officials	13	13
As a Result of HR Office Review, number of recommended Exempt	329	303
Estimated Remaining FY17 Cost for Changes:	\$39,208*	
Estimated Recurring FY Cost for Changes:	\$65,768*	

*Includes associated fringe benefits

Mr. Domico stated elected officials are not covered under the FLSA so recommendation in order to clean up the books is to take those positions away because it has no impact on elected officials who do not earn leave. Mr. Domico stated recommendation is that salaries for sixteen employees who are currently exempt be adjusted up to \$47,476 in order to maintain their exempt status and that the others go to non-exempt status because everyone could not be taken to \$47,476 as it would create system wide inequities. Mr. Domico stated the majority of employees who did change from exempt to non-exempt were in the Department of Social Services, Public Health Department and the Library.

Next Steps

- ▶ Implement the changes as a result of the updated FLSA requirements.
- ▶ Hold individual meetings with Department Heads who have staff that will be affected.
- ▶ Employees will be notified of changes in person by their department heads or supervisors.

Ms. Cannon responded to questions. Mr. Domico stated the salary threshold under the current Administration is scheduled to change every three years.

5. CONSIDERATION OF REQUEST FOR NEW POSITION IN THE COUNTY'S PUBLIC INFORMATION OFFICE

BACKGROUND:

The Public Information Office, which is a section of the County Manager's Office, consists of three positions: the Governmental Affairs Officer, Public Information Specialist and Graphic Design Information Specialist II.

The three-member team is responsible for coordinating external and internal communication with the public, media and employees. The office serves as a central point for receiving and disseminating public information through various outlets, including media releases, employee newsletters, a monthly TV show, weekly newspaper column, bi-weekly newspaper section, brochures, website and social media content and other outreach materials and programs.

The Sheriff's Office has a Public Information Officer and the library system has a five-member Community Relations Department that manages its communications and outreach efforts. The Public Information Office serves all other County departments.

The Chief Public Information Director's position expanded in 2014 with a reclassification to Governmental Affairs Officer. The position became part of the County's management team. The position has operational responsibility for managing public information and governmental communications, including legislative agendas and strategic initiatives.

One of the County's strategic goals is to educate, inform and engage employees, citizens, elected and appointed officials through effective and efficient communications. In order to fulfill the objectives under this goal and better serve all County departments in sharing their message and telling the County's story, the Public Information Office needs additional capacity in the form of a Communications and Outreach Coordinator.

The new position would coordinate media relations and collaborate with the departments for press releases, videos, events and communications initiatives to ensure consistent and favorable messaging.

RECOMMENDATION/PROPOSED ACTION:

Management recommends the Finance Committee approve and forward to the Board of Commissioners the following actions:

1. Approve the establishment of a new Communications & Outreach Coordinator position at Cumberland County salary grade 72 and
2. Approve Budget Ordinance Amendment B171027 in the amount of \$47,186 to fund a new position in the Public Information Office. Federal Labor Standards Act funds were budgeted at \$100,000; however, the impact of FLSA changes is expected to be just under

\$40,000 for FY17 resulting in excess funds of \$60,000. This revision will transfer excess FLSA funds of \$47,186 to the Administration personnel accounts for salary and fringe benefits.

Please note this amendment requires no additional county funds.

Sally Shutt, Public Information and Governmental Affairs, reviewed the background information recorded above. Ms. Shutt stated the goal is to be proactive in order to tell the County's story to citizens. Ms. Shutt reviewed Management's recommendations recorded above.

MOTION: Commissioner Council moved to approve Management's recommendations.
SECOND: Commissioner Edge
VOTE: UNANIMOUS (4-0)

6. MONTHLY FINANCIAL REPORT

BACKGROUND:

The financial report is included as of September 30, 2016. Highlights include:

- Revenues
 - The first three months of the fiscal year show revenues as expected. Collections are generally slow in the first part of the year. However, this is consistent with rates of prior fiscal years.
- Expenditures
 - General fund expenditures remain in line with budget and prior year trends.
- Crown center expense summary/prepared food and beverage and motel tax
 - Spectra is reporting slightly higher income and slightly lower expenses compared with the same timeframe last fiscal year.
 - Revenues of prepared food and beverage and motel tax are consistent with prior fiscal years.

RECOMMENDATION/PROPOSED ACTION:

No action needed – for information purposes only.

Ms. Evans provided highlights of the financial report for the first quarter of FY17 as recorded above and stated revenues and expenditures are consistent with prior fiscal years.

7. OTHER ITEMS OF BUSINESS

Ms. Cannon stated the new Solid Waste Director Jerod Roberts will start work on November 14 and will be introduced at the Board of Commissioners' regular meeting on November 21. Ms. Cannon provided a brief bio on Mr. Roberts.

Ms. Cannon responded to questions regarding waiver of HUD guidelines as it relates to Hurricane Matthew. Ms. Cannon stated if the County does not go through the appropriate processes, it will have an audit exception and have to pay the money back as a penalty.

MOTION: Commissioner Council moved to adjourn.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (4-0)

There being no further business, the meeting adjourned at 10:45 a.m.