

KENNETH S. EDGE
Chairman

W. MARSHALL FAIRCLOTH
Vice Chairman

GLENN B. ADAMS
JEANNETTE M. COUNCIL
CHARLES E. EVANS
JIMMY KEEFE
LARRY L. LANCASTER



CUMBERLAND ★ COUNTY ★ NORTH CAROLINA

BOARD OF COMMISSIONERS

CANDICE WHITE
Clerk to the Board

KELLIE BEAM
Deputy Clerk

MEMORANDUM

TO: Finance Committee Members (Commissioners Council, Faircloth and Lancaster)

FROM: Candice H. White, Clerk to the Board

DATE: July 31, 2015

SUBJECT: Finance Committee Meeting – Thursday, August 6, 2015

There will be a regular meeting of the Finance Committee on Thursday, August 6, 2015 at 9:30 AM in Room 564 of the Cumberland County Courthouse located at 117 Dick Street, Fayetteville, NC.

AGENDA

1. Approval of Minutes – June 4, 2015 Regular Meeting (**Pg. 2**)
2. Presentation on a Proposed City of Fayetteville Parks & Recreation Bond Issue (**Pg. 14**)
3. Update on Senate Proposal to Modify Sales Tax Distribution (**Pg. 87**)
4. Consideration of Amendment to the Annual Audit Contract (**Pg. 89**)
5. Consideration of Budget Revisions to Allocate Funding for Benefits Now Required for Temporary Workers (**Pg. 90**)
6. Consideration of School Health Nurse Pay Guidelines and Associated Budget Revision (**Pg. 92**)
7. Consideration of Reimbursement Resolution Regarding Proposed Financing for Capital Improvement Projects (**Pg. 96**)
8. Monthly Financial Report (**Pg. 101**)
9. Other Matters of Business (**No Materials**)

cc: Board of Commissioners
County Administration
Vicki Evans, Finance Director
Tammy Gillis, Director of Internal Audit and Wellness Services
County Legal
County Department Head(s)

CUMBERLAND COUNTY FINANCE COMMITTEE
COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
JUNE 4, 2015 - 9:30 AM
MINUTES

MEMBERS PRESENT: Commissioner Marshall Faircloth, Chairman
Commissioner Jeannette Council
Commissioner Larry Lancaster

OTHER COMMISSIONERS
PRESENT: Commissioner Glenn Adams (departed 10:15 a.m.)
Commissioner Kenneth Edge
Commissioner Charles Evans (arrived 10:08 a.m.)

OTHERS: Amy Cannon, County Manager
James Lawson, Deputy County Manager
Tracy Jackson, Assistant County Manager
Rick Moorefield, County Attorney
Vicki Evans, Finance Director
Tammy Gillis, Director of Internal Audit and Wellness
Sally Shutt, Governmental Affairs Officer
Rob Robinson, Alliance Behavioral Healthcare CEO
Kelly Goodfellow, Alliance Behavioral Healthcare CFO
Candice White, Clerk to the Board
Press

Commissioner Faircloth called the meeting to order.

1. APPROVAL OF MINUTES – MAY 7, 2015 REGULAR MEETING

MOTION: Commissioner Lancaster moved to approve the May 7, 2015 meeting minutes.
SECOND: Commissioner Council
VOTE: UNANIMOUS (3-0)

2. CONSIDERATION OF INTERNAL AUDIT AND FINANCE/AUDIT COMMITTEE
CHARTERS

BACKGROUND:

At the April 2, 2015 Finance Committee meeting, recent changes to the Generally Accepted Auditing Standards (GAAS) and their implications were discussed. In summary of that meeting, the County is no longer allowed to provide assistance to the external auditor by using County internal audit staff unless structure changes are made within the County.

The heart of the changes needed is designed to insure the internal audit staff maintain independence and objectivity and are free from interference by any element in the organization.

To further insure this change, the internal audit staff should have direct access to the governing body. In this case the Finance Committee of the Board of Commissioners is asked to oversee the system of internal audit.

While the internal auditor has historically performed independently and objectively, the approval of an Internal Audit Charter as well as a Finance Committee Charter will solidify the County's commitment to the internal audit process and provide assurance to both internal and external parties that our internal audit program is one of quality and independence. Both proposed charters are included for your review.

For your consideration, the following are highlights of the charters:

Finance Committee Charter:

- Purpose – assist the Board of Commissioners in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process and monitoring compliance with laws and regulations
- Authority of the committee – conduct or authorize investigations in to any matters within its scope of responsibility
- Responsibilities –
 - Financial statement review
 - Review audit results
 - Monitor County's internal control system
 - Internal audit – monitor effectiveness of internal audit, review internal audit plans and reports
 - External audit – review performance, review coordination with internal audit, receive annual audit report
- Compliance – review any audit findings
- Reporting – report to the Board of County Commissioners at least once per year

Internal Audit Charter:

- Purpose – insure Internal Auditing endeavors are conducted in compliance with County objectives and policies as well as the government auditing standards applicable to financial and performance audits
- Authority – establishes the authority of the Internal Audit activity and insures that the Internal Auditor has full, free, and unrestricted access to the Finance Committee
- Establishes independence and objectivity as a requirement for Internal Audit
- Responsibilities –
 - Appraise effectiveness of financial controls within the County
 - Evaluate sufficient adherence to policies, procedures, and compliance with governmental laws and regulations

- Ascertain quality of controls for safeguarding County assets
- Perform special reviews as requested
- Reporting – file a written report of each internal audit engagement with the Clerk to the Board of Commissioners and periodically report to the Finance Committee and Assistant County Manager

RECOMMENDATION/PROPOSED ACTION:

Staff recommends approving the Internal Audit Charter and the Finance Committee Charter.

**CUMBERLAND COUNTY
FINANCE (AUDIT) COMMITTEE CHARTER**

PURPOSE

To assist the Board of County Commissioners (BOCC) in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the County’s process for monitoring compliance with laws and regulations and the code of conduct.

AUTHORITY

The finance committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the County.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all auditing services.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- Seek any information it requires from employees—all of whom are directed to cooperate with the committee's requests—or external parties.
- Meet with County management and staff, external auditors, or outside counsel, as necessary.

COMPOSITION

The Audit Committee will consist of the Finance Committee of the BOCC, all of which are Cumberland County Commissioners. The BOCC Chair will appoint the Finance Committee members and the Finance Committee will elect their chair.

Each committee member will be both independent and financially literate. At least one member shall be designated as the “financial expert,” as defined by applicable legislation and regulation.

MEETINGS

The Finance Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend

each meeting. The committee will invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors (see below) and executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

RESPONSIBILITIES

The Finance Committee will carry out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing *Standards*.
- Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement.

Internal Control

- Consider the effectiveness of the County's internal control system, including information
- Understand the scope of internal and external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

- Review with the County Manager, the Assistant County Manager, the Finance Director, and the chief audit executive about the charter, plans, activities, staffing, and organizational structure of the internal audit function.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.
- On a regular basis, review internal audit reports and meet separately with the chief audit executive on an as needed basis to discuss any matters that the committee or internal audit believes should be discussed privately.

External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the County, including non-audit services, and discussing the relationships with the auditors.
- On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

Compliance

- Review the findings of any examinations by regulatory agencies and any auditor observations.
- Obtain updates from management and County legal counsel regarding compliance matters on an as needed basis.

Reporting Responsibilities

- Report to the BOCC about committee activities, issues, and related recommendations as needed, but at a minimum, one time a year.
- Provide an open avenue of communication between internal audit, the external auditors, and the BOCC.
- Review any other reports the County issues that relate to committee responsibilities.

Other Responsibilities

- Perform other activities related to this charter as requested by the BCC.
- Institute and oversee special investigations as needed.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the committee's and individual members' performance on a regular basis.

**CUMBERLAND COUNTY
INTERNAL AUDIT CHARTER**

PURPOSE

Internal Auditing is an independent appraisal activity established to conduct reviews of operations and procedures and to report findings and recommendations to the Cumberland County Board of Commissioners Finance Committee, the Cumberland County Manager, the Finance Director, and the department reviewed. All Internal Auditing endeavors are to be conducted in compliance with County objectives and policies as well as the government auditing standards applicable to financial and performance audits.

VALUES AND GUIDING PRINCIPLES

In delivering its services, the internal audit activity embraces the values of integrity, objectivity, confidentiality and competency, as identified by the Institute of Internal Auditors Code of Ethics. Additionally, anyone who is practicing internal auditing at Cumberland County will be a Certified Government Audit Professional within twelve months of employment by the Internal Audit Department. The internal audit activity also demonstrates Cumberland County's Core Values:

Professionalism

Respect

Integrity with accountability

Diversity

Excellent Customer Service

AUTHORITY

Internal Auditing reports to the Cumberland County Assistant County Manager for Finance and Administrative Services, but has full, free, and unrestricted access to the County's Finance

Committee. These reporting relationships ensure office independence, promote comprehensive audit coverage, and assure adequate consideration of audit recommendations.

Internal Audit personnel, in the performance of audits and with stringent accountabilities of safekeeping and confidentiality, will be granted unlimited accessibility to all County activities, records, property, and employees, except Official Personnel Files, which will be obtained through the County Manager. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities.

Internal Auditing is a function that has no direct authority over activities, which its personnel review. The performance of these reviews does not relieve management of any assigned responsibilities.

Objectivity is essential to the audit staff in the proper fulfillment of its duties. Performance of line responsibilities by internal auditors may compromise their objectivity. This practice will be limited and considered in personnel selection for audit assignments.

INDEPENDENCE AND OBJECTIVITY

The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluation, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Chief Audit Executive will confirm to the Finance Committee, at least annually, the organizational independence of the internal audit activity.

RESPONSIBILITIES

The scope of Internal Auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the County's stated goals and objectives. To this end, Internal Auditing furnishes the Finance Committee and reviewed department with analysis, appraisals, recommendations, counsel, and information concerning the activities reviewed.

The fulfillment of this accountability is not confined to but includes:

- Appraising the effectiveness and application of administrative and financial controls and reliability of data that is developed within the County.

- Evaluating sufficiency of an adherence to plans, policies, procedures, and compliance with governmental laws and regulations.
- Ascertaining the adequacy of controls for safeguarding County assets and, when appropriate, verifying the existence of assets.
- Performing special reviews, requested by the County Manager, Assistant County Manager, Finance Director, or the Finance Committee.
- Conducting appraisals of effective and efficient use of County resources and making appropriate recommendations to the County Manager, Assistant County Manager, Finance Director, Finance Committee, and the department reviewed.
- Monitoring and evaluating governance processes.

REPORTING AND MONITORING

A written report will be prepared and issued by the Chief Audit Executive or designee following the conclusion of each internal audit engagement and will be filed with the Clerk to the Board of Commissioners. The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within thirty days) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared. The Chief Audit Executive will periodically report to the Assistant County Manager and the Finance Committee on the internal audit activities. Reporting will include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the senior management or the Finance Committee.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM:

The internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Definition of Internal Audition and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Chief Audit Executive will communicate to senior management and the Finance Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

Melissa Cardinali, Assistant County Manager, reviewed the background information and recommendation as recorded above and referenced the Internal Audit Charter and the Finance Committee Charter also recorded above. Ms. Cardinali stated the charters are based on parameters and guidelines from the Institute of Internal Auditors (IIA). Ms. Cardinali stated

the charters were presented to Cherry Bekaert LLC and following their review, a few tweaks were made. Ms. Cardinali stated the charters are in compliance in the way in which they are structured and beginning July 1, internal audit staff will provide a completely independent internal audit function.

Commissioner Faircloth asked whether separate meetings would be held. Ms. Cardinali stated internal audit activities would fall under the Finance Committee as an additional function. Rick Moorefield, County Attorney, stated separate meetings could be held depending on how much is presented and the extent of what is presented. Ms. Cardinali stated proposed under the charter is that any reports by internal audit staff would automatically be filed with the Clerk to the Board so the Board of Commissioners has free and full access to those reports and any records needed to conduct any audit.

Commissioner Faircloth inquired regarding qualifications for expertise on the committee. Ms. Cardinali stated the current chair of the Finance Committee would qualify and one of the foundations under the guidelines is anyone with years of experience dealing with government would qualify.

Additional questions followed. Ms. Cannon stated the County can audit any community organization with whom it has a contract; without a contract, the County has no right to inspect any organization's books. Ms. Cannon stated internal audit staff have the right to review or audit any County department. Ms. Cannon also explained the overlap between audit staff and the committee for Enterprise Solutions Division (ESD) and stated the Director of Internal Audit will be a part of the ESD committee.

MOTION: Commissioner Council moved to approve the Internal Audit Charter and the Finance Committee Charter.
SECOND: Commissioner Lancaster
VOTE: UNANIMOUS (3-0)

3. CONSIDERATION OF BUDGET REVISIONS FOR THE INCURRED BUT NOT REPORTED (IBNR) YEAR END ENTRY

BACKGROUND:

During the FY16 budget planning session held in March, Mark III presented information regarding health insurance cost increases including an unexpected rise in current year claims of 20%. In addition, finance staff have been monitoring active employee and retiree health insurance claims throughout the fiscal year and the trend does show that claims costs have increased. By June 30 of each fiscal year *the County must estimate the dollar amount of claims for services that have been rendered but not yet billed to BCBS for the fiscal year, known as IBNR-incurred but not reported.* The estimate of IBNR is based on prior year data combined with current year trend. This fiscal year, the expenditure budget is not enough to cover the actual claims paid and the IBNR, which is recorded in our books through a journal entry. The combined projected budget shortfall is \$2,300,000. Of that shortfall, the estimated IBNR amount totals \$2,135,000.

Budget revisions have been prepared to request the movement of general funds totaling \$2,300,000 into the active employee health insurance fund and the retiree health insurance fund to cover the projected shortfall at year-end. It is anticipated that the IBNR portion of the total will be put back into the general fund (by reversing the journal entry) during the second quarter of FY16. At that time a budget revision will be prepared. The net impact to the general fund is a one-time projection of \$165,000.

RECOMMENDATION/PROPOSED ACTION:

Consensus to move forward to the next scheduled meeting of the Board of County Commissioners and approve the budget revisions to move funds from the general fund to the health insurance funds.

Vicki Evans, Finance Director, introduced this item and reviewed the background information and recommendation as recorded above. Ms. Cannon explained the \$165,000 is the projected shortfall for this fiscal year. Commissioner Edge asked how this shortfall compared to last year. Ms. Evans stated last year was flat with no shortfall but this year healthcare costs are up. Ms. Cannon responded to additional questions and stated with the clinic opening and with the enhanced emphasis on the wellness plan, the hope is that the County will see some positive changes in the upcoming fiscal year. Ms. Cannon stated the County's increases have been minor compared to other local governments who have seen 14% to 20% increases and the hope is the County will have a positive impact on lifestyle changes with employees included in the health plan. Ms. Cannon stated Mark III will continue to evaluate the changes and other techniques will be employed such as a spouse and dependent eligibility audit to attempt to save money and preserve the plan. Ms. Cannon stated she hopes that the strategies being employed will keep the County under budget in the upcoming year.

MOTION: Commissioner Lancaster moved to approve the budget revisions to move funds from the general fund to the health insurance funds.
SECOND: Commissioner Council
VOTE: UNANIMOUS (3-0)

4. CONSIDERATION OF FUNDING AGREEMENTS WITH ALLIANCE BEHAVIORAL HEALTHCARE

BACKGROUND:

Cumberland County currently has two funding agreements with Alliance Behavioral Health Care (Alliance), each providing \$2.4 million in County funding, for a total of \$4.8 million in County dollars. One agreement is a three-year tri-party contract between the County, Alliance and the Cape Fear Valley Medical Center (CFVMC) that allocates funding for services provided by CFVMC; this contract expires June 30, 2016. The second agreement is a one-year two-party contract between the County and Alliance that allocates funding for all other behavioral health provider services in Cumberland County; this contract is set to expire June 30, 2015.

During Alliance's fiscal year 2014 audit, unspent County funds were recorded as unearned revenue (a liability account) based on the contract language. This caused a drastic decrease in

their current ratio which is used to determine their stability across the state against all other managed care organizations (MCOs). Based on a recommendation by their auditors, Alliance has requested a change in the contract language for fiscal year 2015 and forward. The proposed language has been changed to reflect any unspent County funds to be recognized as restricted fund balance instead of unearned revenue and allows that fund balance to be treated as income in the next fiscal year and to be utilized for services for Cumberland County residents. They are seeking approval no later than June 30, 2015 so that this change can be applied in this year's audit.

In addition, the Alliance requested a 1% increase to the \$4.8 million allocation (or \$48,000) to support the administrative efforts required to manage these funds (see attached). During merger discussions, it was understood that the County's funding was to be allocated to support services and that the administration of these funds would be the responsibility of the Alliance, which is also supported by administrative funds provided through Medicaid and State funds. In their request, the Alliance indicated that they are no longer able to sustain the costs of administering County services and has therefore made this request of all its County partners which includes Cumberland, Durham and Wake.

RECOMMENDATION/PROPOSED ACTION:

County Management recommends that:

- 1) the following amendment to paragraph 3 of the 2015 Funding Agreement (indicated by underlining):

Pursuant to N.C.G.S. 122C-115, the County agrees to allocate and pay to Alliance Two Million Four Hundred Thousand Dollars (\$2,400,000.00) for the provision of mental health, intellectual/developmental disability and substance abuse services to eligible Cumberland residents served by Alliance. The County shall pay to Alliance through a wire transfer an amount equal to one-quarter the Annual Allocation beginning on July 2, 2014, and quarterly thereafter. Any Annual Allocation funds left unspent at the end of the fiscal year shall be applied to the next year's annual allocation. Alliance will recognize funding as income in the year received and any unspent funding from the current year and prior years will be recognized as income in the current year. Cumberland County funds held by Alliance on June 30, shall be held by Alliance in a restricted fund balance for the purchase of services for Cumberland County residents in future fiscal years, unless otherwise directed in writing by the County Manager.

- 2) the agreement be renewed for one year from July 1, 2015 to June 30, 2016.
- 3) consideration be given to authorizing the Alliance to utilize 1% of its current \$2.4 million allocation of Cumberland County funding to cover administrative costs.

James Lawson, Deputy County Manager, recognized Rob Robinson, Alliance Behavioral Healthcare CEO, and Kelly Goodfellow, Alliance Behavioral Healthcare CFO, and reviewed the background information and recommendations as recorded above.

Mr. Robinson explained the Alliance has not been able to successfully manage county dollars due to the uniqueness of each county. Mr. Robinson stated the Alliance is primarily funded by Medicaid or federal dollars and Medicaid dollars cannot be used to support the oversight and management of county dollars. Mr. Robinson stated the 1% will cover a couple of admin positions and the Alliance will absorb the remaining costs this year in order to get the oversight of services in Cumberland County started. Questions followed. Mr. Robinson stated the Alliance has received favorable responses from Durham and Wake counties.

Commissioner Edge stated as a member of the Alliance Board of Directors, he understands why the Alliance is requesting the 1% out of the County's allocation of \$4.8 million which means that \$48,000 will not be available for services to clients in Cumberland County. Commissioner Edge stated this should not have much of an impact on services at this time because many of the clients that the Alliance serves are paid through Medicaid or state dollars. Commissioner Edge stated he recommends approving the 1% of \$4.8 million or designating \$48,000 for admin services. Additional questions followed.

MOTION: Commissioner Lancaster move to approve the amendment to paragraph 3 of the 2015 Funding Agreement.
SECOND: Commissioner Council
VOTE: UNANIMOUS (3-0)

MOTION: Commissioner Council moved that the agreement be renewed for one year from July 1, 2015 to June 30, 2016.
SECOND: Commissioner Lancaster
VOTE: UNANIMOUS (3-0)

MOTION: Commissioner Council moved to authorize the Alliance to utilize 1% of its current allocation of Cumberland County funding to cover administrative costs.
SECOND: Commissioner Lancaster
VOTE: UNANIMOUS (3-0)

5. MONTHLY FINANCIAL REPORT

BACKGROUND:

The financial report is included as of April 30, 2015. Highlights include:

- Revenues
 - Current real and personal property taxes continue at a trend similar to past years with maximum collections occurring prior to the month of April.
 - Motor vehicle tax revenues continue to appear strong this year. Nine collection months are reflected in the April financials.
 - Sales tax (April report reflects seven collection months) collections show slight growth compared to last fiscal year.

- Expenditures
 - Expenditures remain in line with budget and show no unusual patterns.
- Crown center expense summary/prepared food and beverage and motel tax
 - A combined year-to-date summary is provided.
 - Prepared food and beverage and motel tax summary included.

RECOMMENDATION/PROPOSED ACTION:

No action needed – for information purposes only.

Ms. Evans reviewed highlights of the financial report as of April 30 as recorded above. Commissioner Faircloth inquired whether the state charged the County to administer the Tax & Tag program. Ms. Cannon responded in the affirmative and stated the charges vary depending on the payment method and the state's charge is higher than the amount the County charges municipalities to collect their property taxes. Commissioner Faircloth asked that the charges be kept in mind for the next meeting of the Finance Committee.

6. OTHER MATTERS OF BUSINESS

There were no other matters of business.

There being no further business, the meeting adjourned at 10:19 a.m.

AMY H. CANNON
County Manager

JAMES E. LAWSON
Deputy County Manager



CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

ITEM NO. 2

MELISSA C. CARDINALI
Assistant County Manager

W. TRACY JACKSON
Assistant County Manager

OFFICE OF THE COUNTY MANAGER

**MEMO FOR THE AGENDA OF THE
AUGUST 6, 2015 FINANCE COMMITTEE MEETING**

TO: FINANCE COMMITTEE

FROM: AMY CANNON, COUNTY MANAGER *act*

DATE: JULY 31, 2015

**SUBJECT: PRESENTATION ON A PROPOSED CITY OF FAYETTEVILLE
PARKS & RECREATION BOND ISSUE**

Requested by:

Kristoff Bauer, Deputy City Manager

Presenter(s):

Kristoff Bauer / Michael Gibson, City of Fayetteville

Estimate of Committee Time Needed:

20 Minutes

BACKGROUND

The City of Fayetteville will be making a presentation on a proposed City of Fayetteville Parks & Recreation Bond Issue.

Mr. Kristoff Bauer and Michael Gibson will be presenting at the August 6, 2015 Finance Committee meeting.

Recommendation

Receive the presentation regarding the proposed Parks & Recreation Bond Issue.

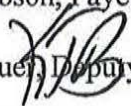
CM073115-1



City Manager's Office

To: Cumberland County Commission, ~~Facilities~~ ^{Finance} Committee

CC: Amy Cannon, Cumberland County Manager
Theodore L. Voorhees, City Manager
Michael Gibson, Fayetteville / Cumberland Parks & Recreation Director

From: Kristoff Bauer,  Deputy City Manager

Date: July 30, 2015

Re: Parks Capital Campaign

Attached are the materials provided to the City Council on July 29th for discussion on Monday, August 3rd. Michael and I will be attending the Facilities Committee meeting on Thursday, August 6th, to review some of the attached information, but to also get some feedback or at least introduce a couple of County specific issues:

1. GO Bond Participation: The current discussion is focusing on a ballot measure to secure the authority for the City of Fayetteville to issue General Obligation ("GO") Bonds. When last discussed, the County was uncomfortable with a County wide vote to support the County issuance of GO Bonds for Park capital projects.
2. District Participation: Some projects are regional in nature, the Multi-Purpose Aquatic & Senior Center for example. Is the Commission willing to consider financial contribution from the Park District to support the capital cost of these projects?
3. District Projects: Should additional GO Bond authority be sought to support the financing of District projects? If so, what process is appropriate for the identification of these projects?

TO: Mayor and Members of City Council
THRU: Theodore L. Voorhees, City Manager

FROM: Kristoff Bauer, Deputy City Manager

DATE: August 3, 2015

RE: Parks & Recreation Capital Program

COUNCIL DISTRICT(S): All

Relationship To Strategic Plan:

Goal: Desirable place to live, work and recreate.

Objective: To enhance recreation, leisure and cultural opportunities for all to thrive that reflects our diversity.

Target for Action: Study and plan for Parks and Recreation capital projects funding.

Executive Summary:

Staff is seeking feedback regarding recommended next steps in pursuit of this Target for Action.

Background:

The Council has been exploring alternatives for pursuing the completion of projects identified in the P&R master plan. The use of General Obligation Bonds ("GO Bonds") provides significant advantages over conventional financing for these kinds of projects; allowing the projects to be completed sooner and at a lower overall cost. The issuance of GO Bonds, however, must be approved by voters.

Staff will review the attached presentation to support Council discussion.

Issues/Analysis:

State law regarding the use of special elections for the consideration of GO Bond authorization has changed since Council last considered this issue. The attached action calendar outlines the timing of actions necessary to place a GO Bond authorization on the May 3, 2016, ballot for consideration.

Significant time has passed since the cost estimates for listed projects were prepared. Staff recommends that updated estimates be prepared to support the development of the financial plan to support the approved capital program.

Survey work is a standard practice used by successful communities to refine GO Bond proposals. With the change in schedule discussed above, there is time to utilize this strategy to gather data valuable in finalizing a GO Bond ballot measure strategy.

Budget Impact:

Due to the change in State law eliminating Council authority to call a special election for the consideration of a ballot measure authorizing the issuance of GO Bond debt, the fee for placing this question on the recommended ballot, budgeted at \$150,000, is expected to be significantly less. Staff recommends using an estimated \$40,000 of these funds to collect survey data regarding the proposal and to have the project cost estimates updated by a qualified cost estimation firm.

Options:

This is for discussion purposes

Recommended Action:

Provide consensus directing staff to proceed as recommended or provide alternate direction.

Attachments:

Bond Issue Ballot Calendar
P&R Project Summary
CM Mohn Comments
CM Crisp Questions and Responses
Bond Issue Presentation



P&R Capital Program Aug 3

433 Hay Street
Fayetteville, NC 28301-5537
(910) 433-1990 | (910) 433-1948 Fax
www.cityoffayetteville.org

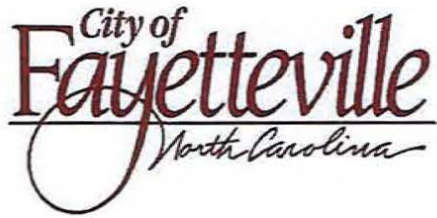
The City of Fayetteville, North Carolina does not discriminate on the basis of race, sex, color, age, national origin, religion, or disability in its employment opportunities, programs, services, or activities.

OUTFRONT

**Park & Recreation Capital Program
City Council Budget Work Session
August 3, 2015**



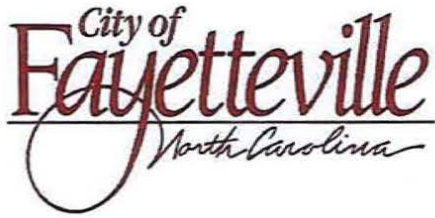
City of
Fayetteville
North Carolina



Overview



-
- Financial Information
 - GO Bond Process Update
 - Recommended Next Steps
 - Ballot Options
 - Project Review / Questions
 - Discussion
-



Financial Information

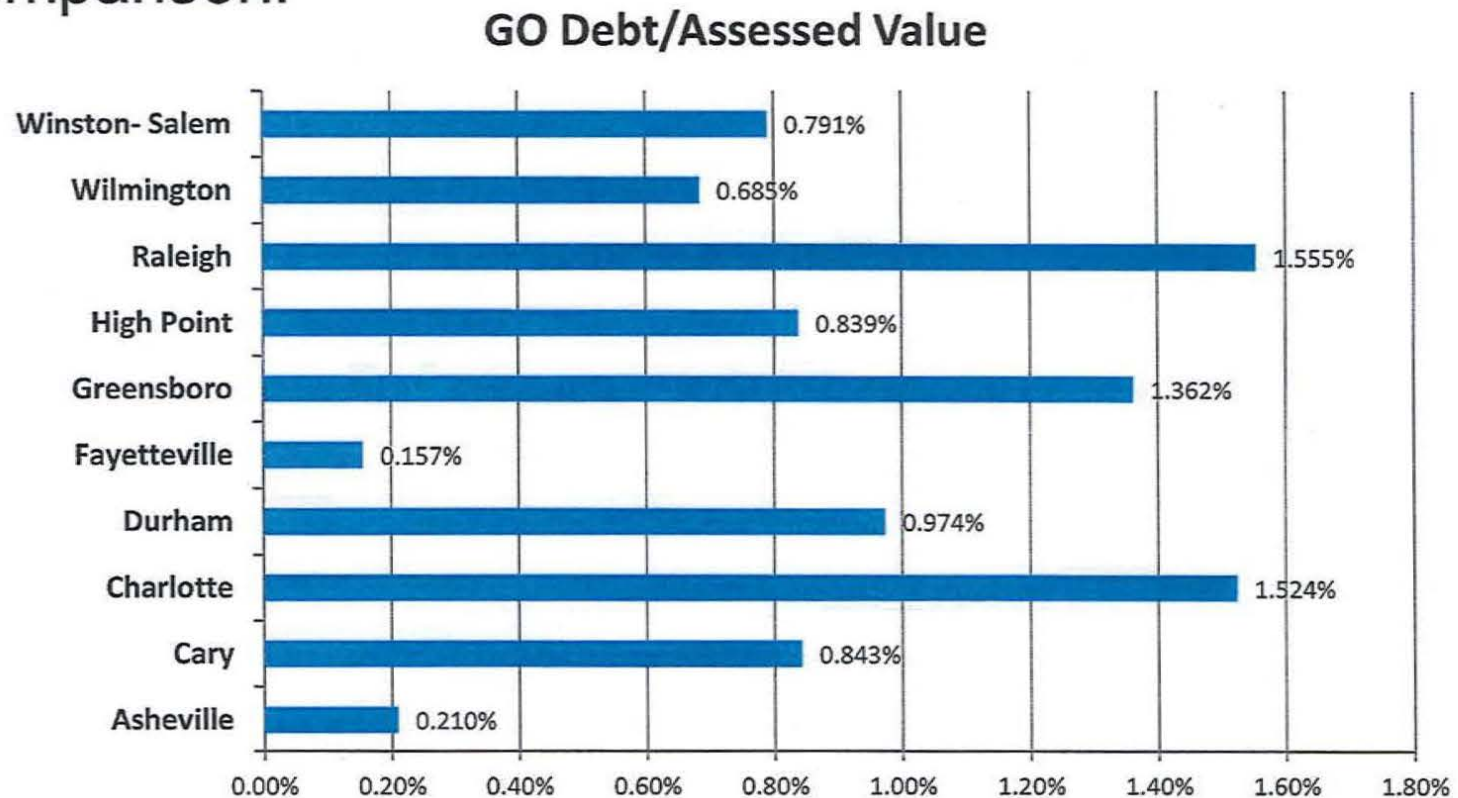
OUTFRONT

Different Kinds of "Cost"

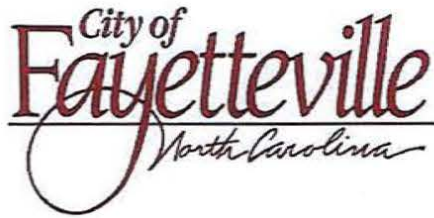
- Capital Program Cost Estimate
 - Land acquisition, design, construction
- GO Bond Authorization
 - The maximum authorized principle
 - Limit established by ballot
 - The smallest number
- Financing Cost
 - Debt repayment, financing costs, interest expense

Only GO Bond limit can be disclosed on ballot

Debt Comparison:



Statutory Limit is 8% of Appraised value which for Fayetteville is \$1.1 B. Current outstanding is \$21.6 M



GO Bond Process

OUTFRONT

A blue wavy line graphic that starts under the 'O' and ends under the 'T' of the word 'OUTFRONT'.

Special Election Not An Option

- Regularly scheduled election only
- May 3, 2016 primary (calendar provided)

Council Action

- First action January 11, 2016
-

Cost Estimate Review

- Update construction cost estimates
- Additional analysis of land cost

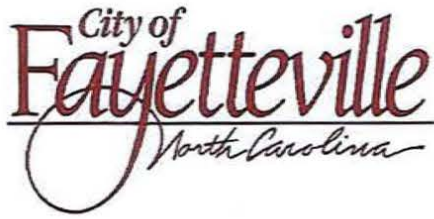
Collect Survey Data

- Identify sensitivity to program elements

Finalize Program Elements

Develop Financial Plan

- GO Bond capacity needed
 - Dedicated revenue required
 - Project timing
-



Ballot Options

OUTFRONT



Public Safety Authorization

- Would allow use of GO Debt for CIP projects
- Combined debt issuance to minimize costs

P&R District Supported Projects

- Add to GO Debt authorization
 - Repayment from P&R District revenue
-



Project Review

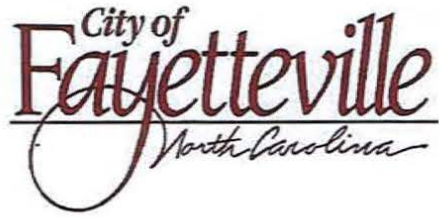


Based On P&R Master Plan

- (July 6, 2006)

CIP Form

- Land acquisition identified
 - Design cost included
-

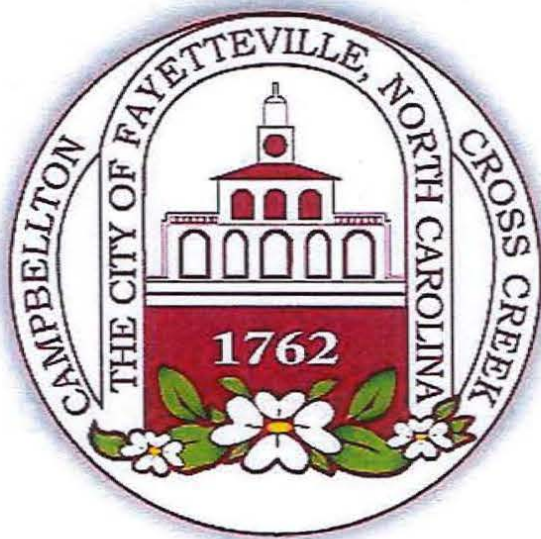


Discussion



Issues:

- May 3, 2016, ballot
 - Explore Public Safety and P&R District inclusion
 - Confirm projects and alternates to be analyzed further
-



City of
Fayetteville
North Carolina

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www.cityoffayetteville.org

www.facebook.com/cityoffayettevillegovernment | [Twitter@CityOfFayNC](https://twitter.com/CityOfFayNC)





Calendar- Fayetteville G.O. Referendum (May 3, 2016)

433 Hay Street
Fayetteville, NC 28301-5537
(910) 433-1990 | (910) 433-1948 Fax
www.cityoffayetteville.org

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**CITY OF FAYETTEVILLE, NORTH CAROLINA
PROPOSED BOND REFERENDUM CALENDAR
May 3, 2016**

<u>Date</u>	<u>Event</u>
<u>January 11, 2016</u> Regular Meeting	City Council adopts preliminary findings resolution required by LGC.
<u>By: January 15, 2016</u>	File Notice of Proposed Bond Issue with Joint Legislative Committee on Local Government Debt.
<u>January 16, 2016</u>	Publication of notice of intent to file an application with the LGC.
<u>By: February 3, 2016</u>	Application for approval of bonds filed with the LGC.
<u>February 8, 2016</u> Regular Meeting	Introduction of bond order by the City Council; file Sworn Statement of Debt and Statement of Estimated Interest with City Clerk.
<u>February 13, 2016</u>	Publication of bond order as introduced and notice of public hearing.
<u>February 22, 2016</u> Regular Meeting	City Council conducts public hearing regarding bond order, adopts bond order; adopts resolution calling for bond referendum.
<u>By February 25, 2016</u>	Deliver certified copy of resolution calling for bond referendum to Board of Elections.
<u>February 27, 2016</u>	Publication of final bond order as adopted and first notice of referendum.
<u>March 5, 2016</u>	Publish second notice of referendum.
<u>April 3, 2016</u>	Absentee ballots available.
<u>April 8, 2016</u>	Last day to apply for registration for voting in referendum.
<u>May 3, 2016</u>	Referendum.
<u>May 10, 2016</u>	Canvassing of referendum returns by Board of Elections.
<u>May 23, 2016</u> Regular Meeting	Declaration of results of referendum by the City Council.
<u>May 28, 2016</u>	Publication of statement of results of referendum.



CITY MANAGER'S OFFICE

Bond Proposal Breakdown for Council August 2015

433 Hay Street
Fayetteville, NC 28301-5537
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Multi-purpose Aquatic Center with Senior Center

To construct an approximate 120,000 – 140,000 sq. ft. facility that will consist of a Senior Center, Aquatic Center, Fitness Center, Fieldhouse with Indoor Track, and Community Spaces. The Multipurpose Aquatic Center with Senior Center will provide a large indoor multi-purpose facility located in an area that is easily accessible and close to the geographical center of Fayetteville/Cumberland County.

The Multi-purpose Aquatic Center with Senior Center will consist of:

- Senior Center
 - Approximately 18,000 sq. ft.
 - Will house current FCPR senior staff and all current programming:
 - Lobby with reception desk
 - Office space for staff
 - Restrooms
 - Library/computer room
 - Conference room
 - Game room
 - Art room
 - Dance Studio
 - Health education, preventative nutritional services
 - Video/theatre room
- Aquatic Center
 - Approximately 35,000 sq. ft.
 - 8 lane lap pool with 0 entry depth
 - Recreation pool with play structures
 - Spectator seating
- Fitness Room
 - Approximately 5,000 sq. ft. fully outfitted with exercise equipment
- Fieldhouse
 - Approximately 58,000 sq. ft.
 - 200 meter, 6-lane indoor running track
 - A multipurpose floor for tennis/indoor soccer
 - Spectator seating
- Community Spaces
 - Approximately 28,500 sq. ft.
 - Lobby
 - Caterer's kitchen
 - Special events area/meeting room/ banquet hall
 - Indoor café
 - Studio space
 - Wellness center

Location:	Mazarick Park
Land Cost:	\$1,000,000 – City owned location, but frontage should be acquired
Design:	\$3,600,000
Est. Construction Cost:	\$24,000,000

City Pools

To construct two (2) City pools that will provide a fitness/competition pool, a leisure pool and amenities at each location. These pools will provide much-needed water- related recreation activities for all ages and activity levels as well as provide a location for water enthusiasts to pursue fitness, classes and training in a safe and secure environment.

Each City Pool will consist of:

- 6 lane, 25 yard lap pool
- 15' deck
- 5,000 sf leisure pool with 0 beach entry
- 700 sf pool with slide and play features
- Bath house with locker rooms and two (2) family changing rooms
- Shade structures
- Snack bar

Location:	JW Coon Elementary School
Land Cost:	\$0 – County School District owned location
Design:	\$200,000
Est. Construction Cost:	\$2,300,000

Location:	Lake Rim Park
Land Cost:	\$0 – County owned park location
Design:	\$200,000
Est. Construction Cost:	\$2,300,000

Neighborhood Parks

To develop a neighborhood or community park in four (4) areas of Fayetteville / Cumberland County to enhance the quality of life in our communities by providing quality outdoor facilities.

Each park will consist of the following:

- Picnic shelters with grills
- Walking trails
- Children's playground
- Multipurpose field
- Tennis Courts
- Parking lot

Locations:	Beaver Dam South Gate Bailey Lake Road Montclair
Land Cost:	\$1,000,000 – 7 to 25 City owned acres at each location
Design:	\$100,000
Est. Construction Cost:	\$750,000

Cape Fear River Park

To develop river front property into an interactive/passive park that will provide opportunities for many recreational activities.

The Cape Fear River Park will consist of:

- Small Amphitheater
- Boardwalk along the Cape Fear River
- Boat docks
- Walking / jogging / biking Trails that connect to Cape Fear and Linear Park Trails
- Picnic shelters
- Playgrounds
- Restrooms
- Open green lawns
- Water features
- Outdoor freshwater aquarium

Location:	Downtown Fayetteville. West of N. Broad Street, between Grove and Person Street.
Land Cost:	\$0 - 13 acres of City owned land
Design:	\$300,000 - \$500,000 (For aquarium building)
Est. Construction Cost:	\$5,000,000 - \$8,000,000 (Depending on the type and size of aquarium)

Skateboard Park

To construct an approximately 20,000 sq. ft. in-ground concrete park to serve the entire Fayetteville-Cumberland County region and two mini locations. The skateboard Park would offer beginners a safe place to learn as well as provide a challenge for the more advanced boarders.

The Skateboard Park will consist of:

- Banks
- Ledges
- Streets
- Bowls
- Park Lighting
- Viewing Stands
- Concessions
- Fencing

Main Location: Downtown Fayetteville

Mini Locations:

(1) Northern Cumberland County

(1) Western Cumberland County

Land Cost: \$250,000 Main location

\$0 – Mini locations intended to be construction adjacent to existing facilities

Design: \$100,000

Est. Construction Cost: \$1,000,000

Sports Complex

To construct a multipurpose sports complex that will consist of various ballfields designed to adapt to changing interests and needs. The Sports Complex will be constructed on a 50 acre parcel of Parks and Recreation Department property located 2 miles from Interstate 95's exit 49. This is currently Cumberland County's most developed exit in Cumberland County with ample overnight accommodations and restaurants available to accommodate even the largest event. The location is easy to access from the interstate, and with this area's moderate temperature, the Sports Complex should easily become a popular tournament destination most of the year.

The Sports Complex will consist of:

- Four (4) 225' Youth lighted Softball/Baseball Fields
- Four (4) 325' lighted Adult Softball/Baseball Fields
- Seven (7) 225/360 Soccer/Football Fields
- Three (3) 35x45 picnic shelters with BBQ areas
- Two (2) Children's Playgrounds
- 800 Meter Walking Trail
- 10,000 sq. foot clubhouse to include:
 - Concessions
 - Catering Service
 - Banquet Facility
 - Meeting Rooms
 - Lounge

Location:	Fields Road
Land Cost:	\$0 - 50 acre parcel of City owned property located 2 miles from Interstate 95's exit 49
Design:	\$500,000
Est. Construction Cost:	\$5,500,000

Sports Complex Alt. 1

To construct a multipurpose sports complex that will consist of various ballfields designed to adapt to changing interests and needs. The Sports Complex will be constructed on 50 acres to be acquired.

The Sports Complex will consist of:

- Four (4) 225' Youth lighted Softball/Baseball Fields
- Four (4) 325' lighted Adult Softball/Baseball Fields
- Seven (7) 225/360 Soccer/Football Fields
- Three (3) 35x45 picnic shelters with BBQ areas
- Two (2) Children's Playgrounds
- 800 Meter Walking Trail
- 10,000 sq. foot clubhouse to include:
 - Concessions
 - Catering Service
 - Banquet Facility
 - Meeting Rooms
 - Lounge

Location:	Shaw Heights Area
Land Cost:	\$3,000,000 - \$5,000,000
Design:	\$500,000
Est. Construction Cost:	\$5,500,000

Sports Complex Alt. 2

To construct a multipurpose sports complex that will consist of various ballfields designed to adapt to changing interests and needs. The Sports Complex will be constructed on 50 acres to be acquired.

The Sports Complex will consist of:

- Two (2) 225' Youth lighted Softball/Baseball Fields
- Two (2) 225' Youth lighted Softball/Baseball Fields Synthetic Turf
- Two (2) 325' lighted Adult Softball/Baseball Fields
- Two (2) 325' lighted Adult Softball/Baseball Fields Synthetic Turf
- Five (5) 225/360 Soccer/Football Fields
- Two (2) 225/360 Soccer/Football Fields Synthetic Turf
- Three (3) 35x45 picnic shelters with BBQ areas
- Two (2) Children's Playgrounds
- 800 Meter Walking Trail
- 10,000 sq. foot clubhouse to include:
 - Concessions
 - Catering Service
 - Banquet Facility
 - Meeting Rooms
 - Lounge

Location:	Shaw Heights Area
Land Cost:	\$3,000,000 - \$5,000,000
Design:	\$600,000
Est. Construction Cost:	\$8,500,000

Tennis Center

To construct a quality tennis center for players of all ages and ability levels. The Tennis Center will serve all of Fayetteville-Cumberland County in a central location, preferably on a site owned by the Parks and Recreation Department. The Tennis Center will provide a location that is strictly designed for tennis, but could host meetings, special programs or other activities in the pro shop as well.

The Tennis Center will consist of:

- Four (4) clay courts
- Thirteen (13) hard courts
- Covered changeover stations
- One (1) Championship Court with 1,000 spectator seats
- In addition, plans will include a 10,000 sq. ft. pro shop which will house:
 - Restringing & regripping services
 - Tennis Apparel
 - Locker Room / Showers
 - Meeting rooms

Location:	TBD
Land Cost:	\$500,000 - \$1,000,000 – 10 to 12 acres
Design:	\$300,000
Est. Total Cost:	\$3,500,000

Greenways

To purchase land and easements for trails and corridors that would allow pedestrian and bicyclist links between communities, schools, parks and along creeks. These funds would be used as matching funds for federal and state grants.

The Greenways will consist of:

- Paved Paths

Anticipated Activities include:

- Walking
- Jogging
- Biking
- Skating
- Nature hikes
- Bird watching
- Interpretive tours

Location:	Little Cross Creek Greenway - 8 miles Beaver Creek Greenway - 3 miles Cape Fear River Park - 3.3 miles
Land Cost:	\$0
Design:	\$0
Est. Construction Cost:	\$700,000

Existing Park Improvements

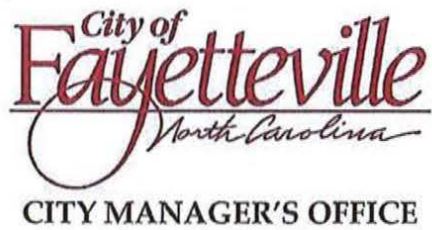
To upgrade and renovate existing buildings and parks grounds.

Location	Improvements	Total Cost
Brentwood School Park	Picnic Shelter, Walking Trail, Greenspace, Horseshoe Pits, Youth Baseball/Softball, Basketball Courts, Volleyball Courts	\$100,000
Clark Park	Building Addition, Picnic Shelter, Grills, Hiking Trails, Fishing Pier / Boat Docks, Primitive Camping, Observation Deck, Parking	\$200,000
Dorothy Gilmore Building	Building Addition, Gymnasium, Community Walking Trail, Shuffleboard Courts, Volleyball Courts	\$200,000
Massey Hill	Walking Trail, Park Amenities, Picnic Shelter, Disc Golf, Horseshoe Pits	\$75,000
Mazarick Park	Picnic Shelter, Walking Trail, Greenspace, Horseshoe Pits, Fishing Pier, Building Enlargement	\$125,000
Seabrook Park	Picnic Shelter, Swimming Pool Deck Enlargement, Concessions Stand Upgrade, Horseshoe Pits, Walking Trail, Park Amenities	\$100,000
Totals		\$800,000

Summary

Project	Land Cost	Design	Const. Cost	Total Cost
Multi-Purpose/Aquatic	\$1,000,000	\$3,600,000	\$24,000,000	\$28,600,000
City Pools	\$0	\$400,000	\$4,600,000	\$5,000,000
Neighborhood Parks	\$1,000,000	\$100,000	\$750,000	\$1,850,000
River Park	\$0	\$500,000	\$8,000,000	\$8,500,000
Skateboard Park(s)	\$250,000	\$100,000	\$1,000,000	\$1,350,000
Sports Complex	\$0	\$500,000	\$5,500,000	\$6,000,000
Tennis Center	\$1,000,000	\$300,000	\$3,500,000	\$4,800,000
Greenways	\$0	\$0	\$700,000	\$700,000
Existing Park Improvements	\$0	\$0	\$800,000	\$800,000
Totals	\$3,250,000	\$5,500,000	\$48,850,000	\$57,600,000

The table above represents estimated costs. **It does not represent the amount of bond debt authority** that may be required to support the construction of these projects. It also does not include any financing costs. That analysis will be completed after the project composition has been established.



Mohn Bond Proposal Breakdown for Council August 2015

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Multi-purpose Aquatic Center with Senior Center

To construct an approximate 120,000 – 140,000 sq. ft. facility that will consist of a Senior Center, Aquatic Center, Fitness Center, Fieldhouse with Indoor Track, and Community Spaces. The Multipurpose Aquatic Center with Senior Center will provide a large indoor multi-purpose facility located in an area that is easily accessible and close to the geographical center of Fayetteville/Cumberland County.

The Multi-purpose Aquatic Center with Senior Center will consist of:

- Senior Center
 - Approximately 18,000 sq. ft.
 - Will house current FCPR senior staff and all current programming:
 - Lobby with reception desk
 - Office space for staff
 - Restrooms
 - Library/computer room
 - Conference room
 - Game room
 - Art room
 - Dance Studio
 - Health education, preventative nutritional services
 - Video/theatre room
- Aquatic Center
 - Approximately 35,000 sq. ft.
 - 8 lane lap pool with 0 entry depth
 - Recreation pool with play structures
 - Spectator seating
- Fitness Room
 - Approximately 5,000 sq. ft. fully outfitted with exercise equipment
- Fieldhouse
 - Approximately 58,000 sq. ft.
 - 200 meter, 6-lane indoor running track
 - A multipurpose floor for tennis/indoor soccer
 - Spectator seating
- Community Spaces
 - Approximately 28,500 sq. ft.
 - Lobby
 - Caterer's kitchen
 - Special events area/meeting room/ banquet hall
 - Indoor café
 - Studio space
 - Wellness center

~~Location: Mazariek Park~~

Land Cost: \$1,000,000 – City owned location, but frontage should be acquired

Design: \$3,600,000

Est. Construction Cost: \$24,000,000

Wrong Location..... Too much traffic encroachment into existing neighborhood to include Pearl St., Greenland Dr., Westmont Dr. and Belvedere Ave. We would not allow a major business inside an existing neighborhood so I do not support the proposed location for this project.

City Pools

To construct two (2) City pools that will provide a fitness/competition pool, a leisure pool and amenities at each location. These pools will provide much-needed water- related recreation activities for all ages and activity levels as well as provide a location for water enthusiasts to pursue fitness, classes and training in a safe and secure environment.

Each City Pool will consist of:

- 6 lane, 25 yard lap pool
- 15' deck
- 5,000 sf leisure pool with 0 beach entry
- 700 sf pool with slide and play features
- Bath house with locker rooms and two (2) family changing rooms
- Shade structures
- Snack bar

Location:	JW Coon Elementary School
Land Cost:	\$0 – County School District owned location
Design:	\$200,000
Est. Construction Cost:	\$2,300,000

Location:	Lake Rim Park
Land Cost:	\$0 – County owned park location
Design:	\$200,000
Est. Construction Cost:	\$2,300,000

Not sure I support the Lake Rim Park location as that park is already heavily used and parking often gets tight. We might want to consider trying to purchase the large vacant commercial property at the S.E. corner of Cliffdale and Rim Roads.

Neighborhood Parks

To develop a neighborhood or community park in four (4) areas of Fayetteville / ~~Cumberland County~~ to enhance the quality of life in our communities by providing quality outdoor facilities.

Each park will consist of the following:

- Picnic shelters with grills
- Walking trails
- Children's playground
- Multipurpose field
- Tennis Courts
- Parking lot

Locations:

Beaver Dam
South Gate
Bailey Lake Road
Montclair

Land Cost: \$1,000,000 – 7 to 25 City owned acres at each location

Design: \$100,000

Est. Construction Cost: \$750,000

Not sure I support any of these small Neighborhood Parks given all the problems we're experiencing with Roy Turner Jr. Park along Blanton Road. This neighborhood park was built after the existing neighborhood so we would need to poll the residents of these four neighborhoods to determine if they want a small community park within their existing neighborhoods.

Cape Fear River Park

To develop river front property into an interactive/passive park that will provide opportunities for many recreational activities.

The Cape Fear River Park will consist of:

- Small Amphitheater
- Boardwalk along the Cape Fear River
- Boat docks
- Walking / jogging / biking Trails that connect to Cape Fear and Linear Park Trails
- Picnic shelters
- Playgrounds
- Restrooms
- Open green lawns
- Water features
- ~~Outdoor freshwater aquarium~~

Location:	Downtown Fayetteville. West of N. Broad Street, between Grove and Person Street.
Land Cost:	\$0 - 13 acres of City owned land
Design:	\$300,000 - \$500,000 (For aquarium building)
Est. Construction Cost:	\$5,000,000 - \$8,000,000 (Depending on the type and size of aquarium)

~~I do not support the extra construction costs for the aquarium and the yet to be project annual operating costs associated with an aquarium.~~

Skateboard Park

To construct an approximately 20,000 sq. ft. in-ground concrete park to serve the entire Fayetteville-Cumberland County region and two mini locations. The skateboard Park would offer beginners a safe place to learn as well as provide a challenge for the more advanced boarders.

The Skateboard Park will consist of:

- Banks
- Ledges
- Streets
- Bowls
- Park Lighting
- Viewing Stands
- Concessions
- Fencing

Main Location: Downtown Fayetteville

Mini Locations:

(1) Northern Cumberland County

(1) Western Cumberland County

Land Cost: \$250,000 Main location

\$0 – Mini locations intended to be construction adjacent to existing facilities

Design: \$100,000

Est. Construction Cost: \$1,000,000

I support these projects.

Sports Complex

To construct a multipurpose sports complex that will consist of various ballfields designed to adapt to changing interests and needs. The Sports Complex will be constructed on a 50 acre parcel of Parks and Recreation Department property located 2 miles from Interstate 95's exit 49. This is currently Cumberland County's most developed exit in Cumberland County with ample overnight accommodations and restaurants available to accommodate even the largest event. The location is easy to access from the interstate, and with this area's moderate temperature, the Sports Complex should easily become a popular tournament destination most of the year.

The Sports Complex will consist of:

- Four (4) 225' Youth lighted Softball/Baseball Fields
- Four (4) 325' lighted Adult Softball/Baseball Fields
- Seven (7) 225/360 Soccer/Football Fields
- Three (3) 35x45 picnic shelters with BBQ areas
- Two (2) Children's Playgrounds
- 800 Meter Walking Trail
- 10,000 sq. foot clubhouse to include:
 - Concessions
 - Catering Service
 - Banquet Facility
 - Meeting Rooms
 - Lounge

Location:	Fields Road
Land Cost:	\$0 - 50 acre parcel of City owned property located 2 miles from Interstate 95's exit 49
Design:	\$500,000
Est. Construction Cost:	\$5,500,000

I support this project at this location. The Stewart family sold the land to the city years ago for a major P&R project if I remember correctly. I could be wrong about who sold the property to the city.

Sports Complex Alt. 1

To construct a multipurpose sports complex that will consist of various ballfields designed to adapt to changing interests and needs. The Sports Complex will be constructed on 50 acres to be acquired.

The Sports Complex will consist of:

- Four (4) 225' Youth lighted Softball/Baseball Fields
- Four (4) 325' lighted Adult Softball/Baseball Fields
- Seven (7) 225/360 Soccer/Football Fields
- Three (3) 35x45 picnic shelters with BBQ areas
- Two (2) Children's Playgrounds
- 800 Meter Walking Trail
- 10,000 sq. foot clubhouse to include:
 - Concessions
 - Catering Service
 - Banquet Facility
 - Meeting Rooms
 - Lounge

Location: ~~Shaw Heights Area~~
Land Cost: ~~\$3,000,000 \$5,000,000~~
Design: \$500,000
Est. Construction Cost: \$5,500,000

I do not support this location due to the projected land costs and all the legal challenges the city will face to acquire the many parcels required for this location.

Sports Complex Alt. 2

To construct a multipurpose sports complex that will consist of various ballfields designed to adapt to changing interests and needs. The Sports Complex will be constructed on 50 acres to be acquired.

The Sports Complex will consist of:

- Two (2) 225' Youth lighted Softball/Baseball Fields
- Two (2) 225' Youth lighted Softball/Baseball Fields Synthetic Turf
- Two (2) 325' lighted Adult Softball/Baseball Fields
- Two (2) 325' lighted Adult Softball/Baseball Fields Synthetic Turf
- Five (5) 225/360 Soccer/Football Fields
- Two (2) 225/360 Soccer/Football Fields Synthetic Turf
- Three (3) 35x45 picnic shelters with BBQ areas
- Two (2) Children's Playgrounds
- 800 Meter Walking Trail
- 10,000 sq. foot clubhouse to include:
 - Concessions
 - Catering Service
 - Banquet Facility
 - Meeting Rooms
 - Lounge

Location: ~~Shaw Heights Area~~
Land Cost: ~~\$3,000,000 - \$5,000,000~~
Design: \$600,000
Est. Construction Cost: \$8,500,000

I do not support this location due to the projected land costs and all the legal challenges the city will face to acquire the many parcels required for this location.

Tennis Center

To construct a quality tennis center for players of all ages and ability levels. The Tennis Center will serve all of Fayetteville-Cumberland County in a central location, preferably on a site owned by the Parks and Recreation Department. The Tennis Center will provide a location that is strictly designed for tennis, but could host meetings, special programs or other activities in the pro shop as well.

The Tennis Center will consist of:

- Four (4) clay courts
- Thirteen (13) hard courts
- Covered changeover stations
- One (1) Championship Court with 1,000 spectator seats
- In addition, plans will include a 10,000 sq. ft. pro shop which will house:
 - Restringing & regripping services
 - Tennis Apparel
 - Locker Room / Showers
 - Meeting rooms

Location: ~~_____~~ **TBD**

Land Cost:	\$500,000 - \$1,000,000 – 10 to 12 acres
Design:	\$300,000
Est. Total Cost:	\$3,500,000

I support the concept of this project but cannot support this project if I don't know it's proposed location.

Greenways

To purchase land and easements for trails and corridors that would allow pedestrian and bicyclist links between communities, schools, parks and along creeks. These funds would be used as matching funds for federal and state grants.

The Greenways will consist of:

- Paved Paths

Anticipated Activities include:

- Walking
- Jogging
- Biking
- Skating
- Nature hikes
- Bird watching
- Interpretive tours

Location:	Little Cross Creek Greenway - 8 miles Beaver Creek Greenway - 3 miles Cape Fear River Park - 3.3 miles
Land Cost:	\$0
Design:	\$0
Est. Construction Cost:	\$700,000

I support this project.

Existing Park Improvements

To upgrade and renovate existing buildings and parks grounds.

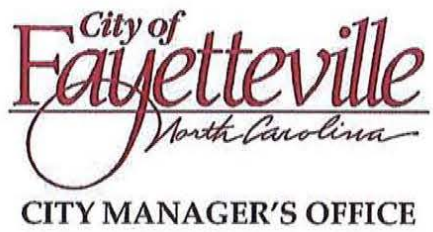
Location	Improvements	Total Cost
Brentwood School Park	Picnic Shelter, Walking Trail, Greenspace, Horseshoe Pits, Youth Baseball/Softball, Basketball Courts, Volleyball Courts	\$100,000
Clark Park	Building Addition, Picnic Shelter, Grills, Hiking Trails, Fishing Pier / Boat Docks, Primitive Camping, Observation Deck, Parking	\$200,000
Dorothy Gilmore Building	Building Addition, Gymnasium, Community Walking Trail, Shuffleboard Courts, Volleyball Courts	\$200,000
Massey Hill	Walking Trail, Park Amenities, Picnic Shelter, Disc Golf, Horseshoe Pits	\$75,000
Mazarick Park	Picnic Shelter, Walking Trail, Greenspace, Horseshoe Pits, Fishing Pier, Building Enlargement	\$125,000
Seabrook Park	Picnic Shelter, Swimming Pool Deck Enlargement, Concessions Stand Upgrade, Horseshoe Pits, Walking Trail, Park Amenities	\$100,000
Totals		\$800,000

I support these proposed upgrades but not sure they go far enough for some of our older/existing facilities.

Summary

Project	Land Cost	Design	Const. Cost	Total Cost
Multi-Purpose/Aquatic	\$1,000,000	\$3,600,000	\$24,000,000	\$28,600,000
City Pools	\$0	\$400,000	\$4,600,000	\$5,000,000
Neighborhood Parks	\$1,000,000	\$100,000	\$750,000	\$1,850,000
River Park	\$0	\$500,000	\$8,000,000	\$8,500,000
Skateboard Park(s)	\$250,000	\$100,000	\$1,000,000	\$1,350,000
Sports Complex	\$0	\$500,000	\$5,500,000	\$6,000,000
Tennis Center	\$1,000,000	\$300,000	\$3,500,000	\$4,800,000
Greenways	\$0	\$0	\$700,000	\$700,000
Existing Park Improvements	\$0	\$0	\$800,000	\$800,000
Totals	\$3,250,000	\$5,500,000	\$48,850,000	\$57,600,000

The table above represents estimated costs. **It does not represent the amount of bond debt authority** that may be required to support the construction of these projects. It also does not include any financing costs. That analysis will be completed after the project composition has been established.



CM Crisp questions and responses

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CM Crisp questions and responses

Mr. Bauer and Mr. Gibson:

I do have some questions/concerns:

1. Multi-purpose Aquatic Center/Senior Center

Fieldhouse - Why a multi-purpose floor for soccer rather than volleyball? Soccer is best outdoors and is mostly for children and young adults, while volleyball can stimulate all ages. (The multi-purpose floor would support volleyball, soccer, track, and other sports.)

Total Costs - Are we looking at 24M or 24M plus 4.6M? (The estimate is yet to be validated, but does list construction, design, and land acquisition separately for a total of \$28.6M.)

2. City Pools

Again are the pools to cost 6.3 plus 400K for design? We can build a pool for 2M which includes the design. Why not use the basic designs already established for Westover and College Lakes? I say 2.2M per pool which will trim 600K from the projects. (The total cost of the Westover Pool was _____. The specifications of this pool were reduced, smaller and fewer amenities, in order to comply with the reduced funding provided.)

3. Neighborhood Parks

Are you saying we can build 4 parks for 1,850,000 total or are you say 4M to acquire land at 4 locations? (\$1,850,000 total)

4. Cape Fear River Park

When you say boat docks, does this mean boat launch sites or places where persons can stow their boats? I see the need for picnic areas, but playgrounds plural? I cannot fathom the need for a freshwater aquarium to show some "bighead" catfish and turtle. I think more appropriately would be a fishing Pier and launch sites for canoes and kayaks. "You seen one catfish, you see'um all." I am opposed to the freshwater aquarium. We could trim 2M here. (Not a marina and not a boat ramp. Just a place to temporarily tie up.)

5. Skateboard Parks

Notice I say parks (plural) because you describe a large one and two mini ones. Are you saying a main park and two mini one for a total of 1,350,000? (Yes, that is current estimate yet to be reviewed.) You say the mini ones will be constructed adjacent to existing facilities--does this mean where we currently have parks and rec facilities? (Yes.)

6. Sports Complex

While I understand this land was purchased with the idea this is where a complex would be built, **this is not centrally located.** I would say offer that parcel to some

corporation through Rus and look at a complex in the vicinity of where 295 intersects with Bragg Blvd. We need to take advantage the real property in the Bragg Blvd/Shaw heights areas. This location is but a short hop to better hotels--Embassy Suites, Doubletree, Holiday Inn Express, Hampton Inn and others in proximity to the mall and Skibo. I strongly favor Alternate 1, but I think 7 soccer fields are too many.

7. Tennis Center

What is the rational for 13 hard courts? This seems like a lot, but I admit, I do not have a grip on how popular tennis is here in Fayetteville.

8. Greenways

I am not sold on this project. I do not fathom almost 15 miles of greenways? (This is proposed as matching dollars for state and federal grant funds.)

9. Existing Park Improvements

If we are talking Aquatic Center/Senior Center in Mazarick Park, why enlargement of the existing building? (The proposal is not to enlarge an existing building, but to build a new structure consistent with identified specifications.)

Bill Crisp
wjlcrist@aol.com



CITY MANAGER'S OFFICE

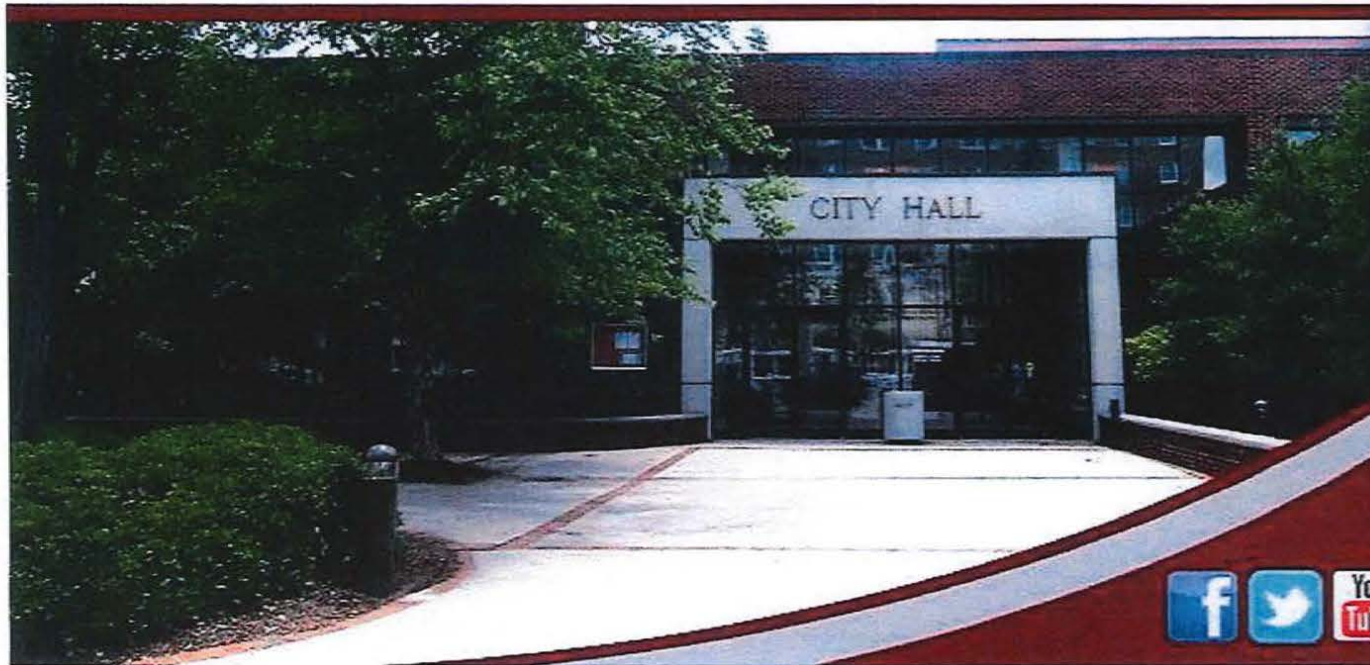
P&R Bond Council 4-27-15 financing options

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OUTFRONT

**Park & Recreation Financing Options
City Council Budget Work Session
April 16, 2014 (Revised March 27, 2015)**



City of
Fayetteville
North Carolina

Overview

- Financing Options
- Debt Under The LGC(Local Government Commission)
- Past Financing Plan
- Bonds
- Ballot Measures
- Successful Park Bond Ballot Measure
- Questions
- Recommendations

Financing Options

“Pay as you go”

Federal and state grants

- Often require matching funds from the local government

Debt Issuance

- Installment financing contracts
- Notes
- Bonds (Revenue or GO)

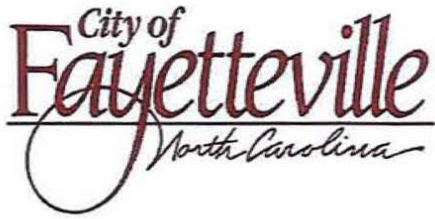
Financing Options - Debt

Installment financing contracts

- Term limitation: 5 to 15 years depending on facilities
- Minimal issuance costs and effort
- **Must be for assets that the bank will accept as collateral**

Bonds

- Term longer based on “useful life” of project (25 years)
- Increased issuance costs and effort
- GO bonds require voter approval



Debt Under LGC

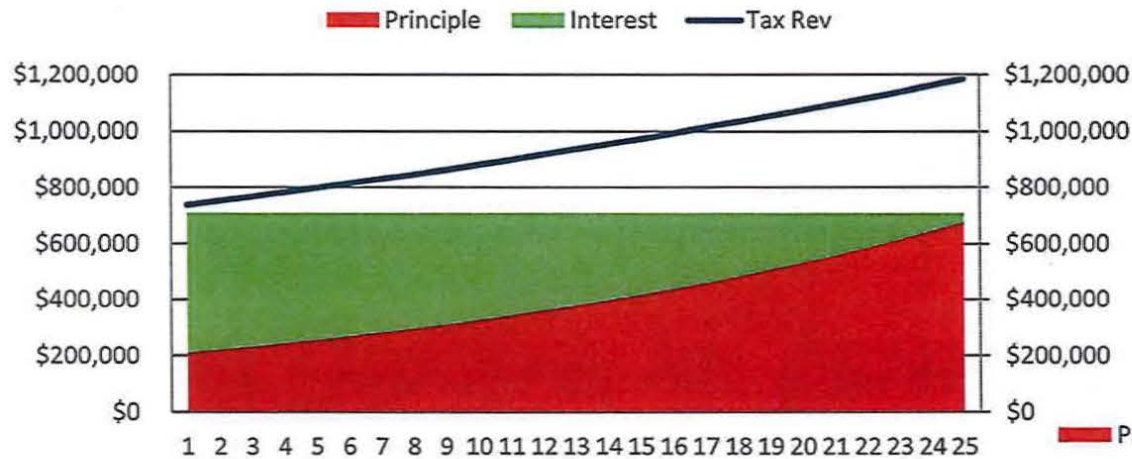
Level Principal vs. Level Payment

Revenue – Expense

LGC Review

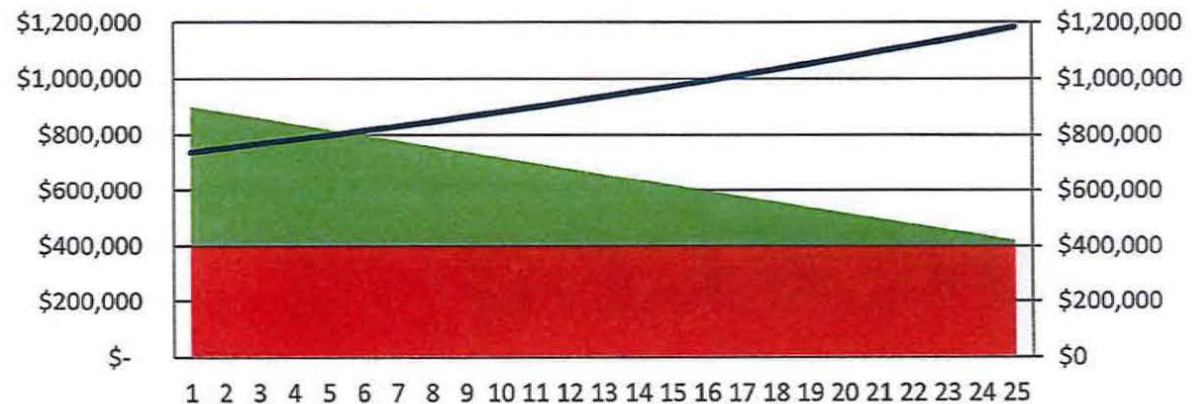
Level Principal vs. Level Payment

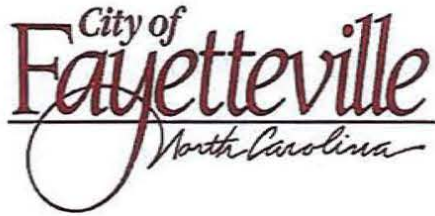
Level Payment



Level Principal

Tax Rate = \$.7





Past Financial Plan

Staged Debt Issuance

“Pay as You Go”

Use of Balancing Funds

Minimized Tax Rate

Bonds

Transaction Costs Are High – Rates Low

- LGC, bond counsel, underwriter
- May require CPA firm, financial advisor and trustee

Revenue bonds

- Secured by revenues (fees – not taxes)
- **Not** secured by the full faith and credit of the local government (taxes)
- Often issued for utility systems and facilities
- Voter approval is not required

Bonds – General Obligation

Issuance governed by NC general statutes

General obligation bonds

- Full Faith and credit are pledged for the payment of bonds
- Power and obligation to levy taxes and raise revenues for the payment of bonds is unrestricted
- Voter approval required* (more on this later)
 - *There are a few exceptions
- All authorized debt must be issued and encumbered (spent) within SEVEN years of the authorization date (the vote)

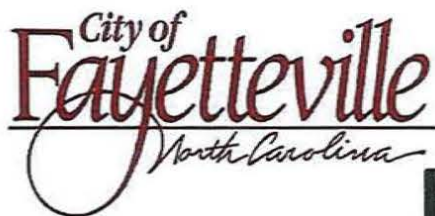
Ballot Measures

No “Advisory Votes”

- Must be an “issue and controversy”
- Vote must be required
- Council has authority to raise taxes (no ballot measure)

Ballot Measure Required For GO Bonds

- To authorize **amount** of GO Debt
 - **This sets the maximum debt, not the total cost**
- To set specific purpose
- Tax rate **is not** part of authorization



Ballot Measures

OUTFRONT

OFFICIAL BALLOT
BOND REFERENDUM
CITY OF FAYETTEVILLE, NORTH CAROLINA
[May 8, 2012]
Instructions

- a. To vote IN FAVOR OF THE ORDER, complete the arrow at the right of the word "YES."
- b. To vote AGAINST THE ORDER, complete the arrow at the right of the word "NO."
- c. If you tear or deface or wrongly mark this ballot, return it and get another.
- d. Use only the pen or pencil provided.

Shall the order adopted on _____, 2012, authorizing not exceeding \$ _____ PARKS AND RECREATION IMPROVEMENT BONDS of the City of Fayetteville, North Carolina, for the purpose of providing funds, together with any other available funds, for acquiring, constructing and improving parks and recreational facilities inside and outside the corporate limits of said City, including, without limitation, the acquisition of any related land, rights of way and equipment, [and authorizing the levy of taxes in an amount sufficient to pay the principal of and the interest on said bonds,] be approved?

YES []

NO []

[Facsimile of signature]

Chairman of the Cumberland County Board
of Elections

**Maximum Authorized
Bond Debt. Not Total
Project Cost**

Note: Language on the ballot should be revised as necessary to reflect the method of voting used by the Cumberland County Board of Elections.

Ballot Measures

Who Has to Vote?

- **All** tax payers of the jurisdiction incurring the debt
- **Only** the tax payers of the jurisdiction incurring the debt

Joint Ballot Measure Problem

- County-wide vote (including non-participants in P&R Dist.)
- County has to incur the debt

Successful Park Bond Ballot Measures

Four Keys

- Strong, unified, and consistent political support
- Well supported public information campaign with strong private participation
- Special election
- “Big Tent” strategy to package design

Past Questions

List of Options

- Each proposal is a separate question and must pass

Is Tax Rate Fixed

- Tax rate is not set by ballot measure – Council has the authority to adjust and must do so if necessary

Can Funding For Other Uses Be Included

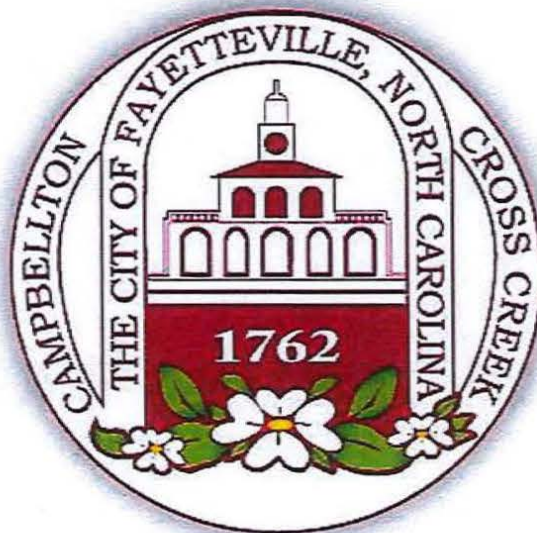
- No (only one use per ballot question)
- Multiple ballot questions can be included on same ballot
- More than one purpose, if authorized, can be included in the same bond issuance reducing issuance costs

Recommendations

Don't Pursue a Ballot Measure Without All
Four Keys to Success

Dedicate a Revenue Stream to Parks Capital

Prioritize Projects in Capital Improvement Plan



City of
Fayetteville
North Carolina

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CM Mohn 7-23 questions

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Senior Staff and Fellow Members of Council,

I have issues/questions for everyone to consider related to the proposed Sports Complex alternate site within the Shaw Heights area.

Attached is a parcel map taken from the county's online database and everyone should clearly see the numerous small parcels that would need to be combined by the city for this project to ever have a chance to succeed at this location.

I have a few questions I hope senior staff can address before or during our upcoming discussion on our city's P&R bond referendum.

1. Mrs. Smith..... Once the P&R revenue bond or a series of two or three revenue bonds are approved does the city have to start the project(s) for each bond within 5 years of the bond(s) issuance?

From the date the voters approve the bonds (date of the bond referendum), the City will have 7 years to issue (sell) them. This period can be extended to 10 years if approved by the Local Government Commission (LGC). The "authorized" bonds can be issued in smaller increments through several bond sales. For example: Voters approve \$50 million in bonds for various parks and recreation projects on May 3, 2016. The City could issue the bonds through three different bond sales: \$20 million in 2016, \$15 million in 2018 and \$15 million in 2022.

2. Attorney McDonald..... What is a reasonable timeline that the city might finalize any litigation if 5-10-20 or more property owners within the Shaw Heights area decide not to sell their parcels to the city?

Should the City have to utilize condemnation for the acquisition, of one or more properties, then it is possible that the litigation could stretch over two or three years. However, that would not necessarily preclude title from vesting and the City from proceeding.

3. Attorney McDonald..... Is it true city council cannot authorize/use the condemnation process to acquire properties within the Shaw Heights area like council recently did for the remaining properties in catalyst site #1 at the southern end of Murchison Road? I ask because most of the parcels within the Shaw Heights area are outside city limits.

The City has the authority to condemn property outside the City limits.

4. CM Voorhees, DCM Bauer, DCM Small-Toney ACM Reinstein and Mr. Gibson..... Does staff have any cost estimate related to the removal/relocation of existing FAYPWC water lines and electric lines within the Shaw Heights area to support this project at this location?..... I ask because the majority of the Shaw Heights area (west of Murchison Rd) currently has FAYPWC water and electricity and a few parcels have FAYPWC sewer. These services generally follow the existing Shaw Heights road network.

The specific area to be used has not been identified and no specific estimates for clearing, grading, or utility alternation has been completed. General allowances for these costs have been included, but may need to be revised based on better information should Council decide to move in this direction.

Thanks in advance for any information staff may have related to the Shaw Heights area as an alternate site for the Sports Complex as we move forward with a P&R bond referendum that our citizens can vote on in early 2016.

Ted

TED MOHN

Fayetteville City Council, District 8

Phone: (910) 495-3634

E-mail: tmohn@ci.fay.nc.us

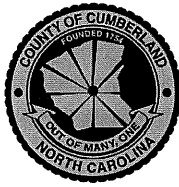
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YouTube: <http://www.youtube.com/user/CityOfFayettevilleNC>

AMY H. CANNON
County Manager

JAMES E. LAWSON
Deputy County Manager



CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

ITEM NO. 3

MELISSA C. CARDINALI
Assistant County Manager

W. TRACY JACKSON
Assistant County Manager

OFFICE OF THE COUNTY MANAGER

**MEMO FOR THE AGENDA OF THE
AUGUST 6, 2015 MEETING OF THE FINANCE COMMITTEE**

TO: BOARD OF COUNTY COMMISSIONERS

FROM: MELISSA C. CARDINALI, ASSISTANT COUNTY MANAGER
mc

DATE: JULY 23, 2015

SUBJECT: UPDATE ON SENATE PROPOSAL TO MODIFY SALES TAX
DISTRIBUTION

Presenter(s): Melissa C. Cardinali, Assistant County Manager

Estimated of Committee Time Needed: 10 Minutes

BACKGROUND

A proposal before the Senate would modify the method of distributing local option sales tax to counties. In effect, the analysis by the State's Fiscal Research Division indicates a shift of sales tax dollars from more urban retail counties of the State to the less wealthy counties.

- In addition to modifying the distribution, the proposal includes taxing items previously exempt.
 - installation, repair and maintenance of tangible personal property
 - veterinary services
- Reduce the non-profit sales tax refund
- Allows counties to levy an additional 1/4 cent sales tax via referendum
- Maintains county authority to determine distribution method to cities (i.e., ad valorem or per capita)

Based on the information provided by the Fiscal Research Division, it appears the impact of the new legislation for Cumberland County includes:

- Potential increase of approximately \$880,000 by FY 2019-20
- Additional \$9.3 million by FY 2019-20 if the additional 1/4 cent is approved

As of the last update from the NCACC, the Governor has stated he will veto any bill that includes this modification to the distribution method and the bill continues to face other opposition as well.

RECOMMENDATION

No action by the Committee is needed; this is for information purposes only.



FINANCE OFFICE

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**MEMO FOR THE AGENDA OF THE
AUGUST 6, 2015 MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE
FROM: VICKI EVANS, FINANCE DIRECTOR *JE*
THROUGH: MELISSA CARDINALI, ASSISTANT COUNTY MANAGER
DATE: JULY 22, 2015
SUBJECT: AMENDMENT TO ANNUAL AUDIT CONTRACT

Presenter(s): Vicki Evans, Finance Director

Estimated of Committee Time Needed: 5 minutes

BACKGROUND

We recently received notification from the Office of the State Auditor that they are auditing the Schedule of Expenditures of Federal Awards (SEFA) and compliance over the major federal programs of the State of North Carolina as of June 30, 2015. The goal of the additional procedures is to provide reliable data to the State Auditor who will use the data in their audit of major federal programs. The requirement for the auditors contracted by the County to perform additional procedures for the State is clearly an unfunded mandate. The cost of the additional procedures is \$2,000 annually.

RECOMMENDATION

Approve a \$2,000 amendment to the annual audit contract with Cherry Bekaert, LLP for the fiscal year 2015 audit.

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**MEMO FOR THE AGENDA OF THE
AUGUST 6, 2015 MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE MEMBERS
FROM: VICKI EVANS, FINANCE DIRECTOR
THROUGH: MELISSA CARDINALI, ASSISTANT COUNTY MANAGER
DATE: JULY 31, 2015
SUBJECT: **AFFORDABLE CARE ACT COMPLIANCE AND IMPACT ON
TEMPORARY EMPLOYEE BENEFITS**

Presenter(s): Vicki Evans, Finance Director

Estimate of Committee Time Needed: 5 Minutes

BACKGROUND

Compliance with the Affordable Care Act requires that the County extend health insurance benefits to temporary employees who are hired to work thirty or more hours per week. These employees will now be offered the same benefit as regular full time employees and if they choose to participate they will make the same contribution amounts. This fiscal year there are thirty five positions within DSS who this applies to, therefore a budget revision is needed to cover this additional cost. This does not apply to any temporary staff who is working for the County through an employment agency.

In the process of thoroughly reviewing required benefits of temporary staff, we also found that employees who have worked 1,000 or more hours in a twelve month period must be enrolled in the retirement system as of their one year anniversary. We are approaching that date for some of the thirty five DSS positions mentioned above. This additional cost has been projected in the attached budget revision.

No other benefits will apply to temporary employees, per the County's policy.

RECOMMENDATION/PROPOSED ACTION

Approval of the attached budget revision which will authorize payment of these employee benefits.

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**COUNTY OF CUMBERLAND
BUDGET REVISION REQUEST**

Budget Office Use	
Budget Revision No.	<u>B16-024/A</u>
Date Received	<u>7/30/15</u>
Date Completed	

Fund No. 101 Agency No. 437 Organ. No. 4365

Organization Name: Department of Social Services

REVENUE

Revenue Source Code	Description	Current Budget	Increase (Decrease)	Revised Budget
4346	NC MEDICAID ADMINISTRATION	9,830,806	253,887	10,084,693
Total		9,830,806	253,887	10,084,693

EXPENDITURES

Object Code	Appr Unit	Description	Current Budget	Increase (Decrease)	Revised Budget
1820	240	RETIREMENT	1,655,799	67,371	1,723,170
1830	240	MEDICAL INSURANCE	4,878,120	268,450	5,146,570
1860	240	WORKERS-COMP	466,174	2,695	468,869
1261	240	SALARIES - TEMP DSS	1,057,985	(60,625)	997,360
1810	240	FICA MATCH (7.65%)	1,896,991	60,625	1,957,616
TOTAL			9,955,069	338,516	10,293,585

B16-024A GEN GOVERNMENT OTHER 101-412-4195

3390	078	CONTRACTED SERVICES	169,604	(84,629)	84,975
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Justification:

To budget for Retirement, Medical Insurance and Workers Compensation for 35 Temporary IM CW1 postions and to reallocate the FICA match on these positions to the appropriate object code.

Funding Source:

State: _____ Federal: 253,887 County: _____ New: 0
Other: _____ Fees: _____ Prior Year: _____

Fund Balance:

Submitted By: [Signature]
Department Representative

Date: 7/30/15

Reviewed By: [Signature]
Budget Analyst

Date: 7/30/15

Reviewed By: [Signature]
Finance Director

Date: 7/30/15

Reviewed By: [Signature]
Assistant County Manager

Date: 7.30.15

Approved By:	
_____	Date: _____
County Manager	
_____	Date: _____
Board of County Commissioners	
_____	Date: _____



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**MEMO FOR THE AGENDA OF THE
AUGUST 6, 2015 MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE MEMBERS
FROM: VICKI EVANS, FINANCE DIRECTOR *VE*
THROUGH: MELISSA CARDINALI, ASSISTANT COUNTY MANAGER
DATE: JULY 21, 2015
SUBJECT: SCHOOL HEALTH NURSE PAY

Presenter(s): Vicki Evans, Finance Director

Estimate of Committee Time Needed: 5 Minutes

BACKGROUND

The Guidelines for School Health Nurse Pay and Leave Accrual have been in place and have been followed since 2003. To summarize, the guidelines state that employees in these positions will be paid prorated annualized salaries over a 12-month period even though they actually only work ten months. On a bi-weekly basis this means that the work schedule of 70 hours per pay period will amount to 59.23 paid hours. In the event one of these type employees terminates, the individual may owe the County or more likely, the County will owe the employee a pay differential.

An issue with the guidelines was recently brought to the attention of Finance and Human Resources staff when a school health nurse *transferring* to another internal department requested to be paid her annualized salary difference prior to her transfer. This was the first time a school health nurse who transferred to another internal department requested these funds. Staff had been processing pay actions according to the guidelines that were implemented in 2003 for school health nurses who *terminated* employment, only.

Calculations show that the school health nurse who brought this to our attention does have a balance owed to her because of being paid for fewer hours than she worked in accordance with the guidelines. In an effort to determine the full impact for all school health nurses, staff conducted further analysis and research, and final calculations show seven other active

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employees and one retired employee who transferred to other internal full time positions have balances owed covering the time period 2003 to present. The total one-time cost to correct this is \$24,257 which will result in pay adjustments for nine individuals. To prevent future recurrence, the following actions were taken as of July 1, 2015:

- The guidelines were updated to include a payout calculation for school health nurses who *transfer* within the County; and
- The action to pay these individuals will be initiated by Human Resources staff on a Personnel Action Form, directing payroll to calculate and pay out or collect any discrepancies in pay.

The revision to the guidelines is attached showing changes in red.

RECOMMENDATION/PROPOSED ACTION

Consensus to move forward to the next scheduled meeting of the Board of County Commissioners and approve the attached budget revision which will authorize payment to the nine former school health nurses.

GUIDELINES FOR SCHOOL HEALTH NURSE PAY AND LEAVE ACCRUAL

Effective Date: July 1, 2003

(Updated July 1, 2015 – changes shown in red)

1. Salary will be annualized over a 12-month period, but they will only work 10 months. This will insure payments for any deductions (ex: BCBS, term, dental...). This also means that the work schedule of 70 hours a pay period will be paid at 59.23 hours.
2. Reduced hours worked will not affect the number of years with the Retirement System. Retirement benefits are calculated based on the salary paid during the four highest paid years in a row. As a matter-of-fact, the health nurses will be in a much better position as it relates to time with the Retirement System because no contributions to the Retirement System means no creditable service. Salaries being paid over twelve months mean contributions will be made to the Retirement System monthly and they will receive credit time for the two months they are out of work.
3. Calculations will be made when an individual **in the school nurse special pay plan terminates or transfers to another County position** to determine the correct payout. In most cases, the County will owe the employee some additional pay because they will be working 70 hours per pay period, but are receiving pay for 59.23 hours. In the event an employee **in the school nurse special pay plan** decides to terminate employment **or transfers to another County position** during the period the advanced money has been paid, advanced funds are due to the County to be paid back to the County by the employee. **County HR will notify Payroll in the comments section of the Personnel Action Form anytime an individual in the school nurse special pay plan terminates or transfers to another County position, noting that the calculation must be made.**
4. Accrual of sick/annual leave will be at 88% of full-time rate; however, no leave will be accrued for the two months not worked. Other leaves will be paid at 88% of full-time rate, (i.e., holidays).
5. Since pay is being generated during the summer, the payroll system will show leave accrual. These accruals will be adjusted back to actual at the beginning of the school year.

**COUNTY OF CUMBERLAND
BUDGET REVISION REQUEST**

Budget Office Use	
Budget Revision No.	_____
Date Received	_____
Date Completed	_____

Fund No. 101 Agency No. 431 Organ. No. 4312
 Organization Name: School Health Program

REVENUE

Revenue Source Code	Description	Current Budget	Increase (Decrease)	Revised Budget
9999	Fund Balance Appropriated		24,257	24,257
				-
				-
				-
				-
Total		0	24,257	24,257

EXPENDITURES

Object Code	Appr Unit	Description	Current Budget	Increase (Decrease)	Revised Budget
1210		Salaries - Regular	750,041	21,033	771,074
1810		FICA match	58,063	1,610	59,673
1820		Retirement	50,626	1,403	52,029
1824		401K County	7,591	211	7,802
					-
					-
					-
					-
Total			866,321	24,257	890,578

Justification:

Adjustment required to pay former school health nurses who transferred to other County departments unpaid balances owed.

Funding Source: State: _____ Federal: _____ Fund Balance: County: _____ New: _____ Other: _____
 Other: _____ Fees: _____ Prior Year: _____

Submitted By: Bob Tucker Date: 7/24/15
 Department Representative

Reviewed By: _____ Date: _____
 Budget Analyst

Reviewed By: Wicki Evans Date: 7/21/15
 Finance Director

Reviewed By: _____ Date: _____
 Assistant County Manager

Approved By:	
_____	Date: _____
County Manager	
_____	Date: _____
Board of County Commissioners	
_____	Date: _____



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**MEMO FOR THE AGENDA OF THE
AUGUST 6, 2015 MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE MEMBERS
FROM: VICKI EVANS, FINANCE DIRECTOR *VE*
DATE: JULY 30, 2015
SUBJECT: REIMBURSEMENT RESOLUTION REGARDING PROPOSED
FINANCING FOR CAPITAL IMPROVEMENT PROJECTS

Presenter(s): Vicki Evans, Finance Director

Estimate of Committee Time Needed: 10 Minutes

BACKGROUND

As addressed in the Manager's budget message, infrastructure repairs and maintenance is a funding priority continuing the Board's goal of providing adequate infrastructure and specifically addresses the objective of ensuring that facilities are well maintained. Areas of improvements within the general fund and crown fund considered and approved in the fiscal year 2016 budget include: parking lot repair/resurfacing, roof repair/replacement and building exterior improvements. To address these categories of infrastructure needs over the next three years a total of \$9,823,625 will be financed to cover these costs.

U. S. Treasury regulations and guidelines that involve debt financing transactions require that a governmental entity declare its intent to use debt financing for a given project before expenses are incurred. In accordance with this requirement, the County must adopt a resolution of intent to use installment financing for the capital improvement projects in order to reimburse itself for any costs incurred before the financing is executed from the proceeds of the installment contract.

The attached resolution would satisfy the federal reimbursement requirements by declaring the County's intent to finance the capital improvement projects from an installment contract in an amount not to exceed \$10 million.

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RECOMMENDATION/PROPOSED ACTION

Consensus to move forward to the August 17 meeting of the Board of County Commissioners and adopt the attached resolution declaring its intent to reimburse costs associated with the identified capital improvements projects from financing proceeds.

BOARD OF COMMISSIONERS
OF CUMBERLAND COUNTY

Excerpt of Minutes
of Meeting on
August 17, 2015

Present: Chairman _____ presiding, and

Commissioners: _____

Absent: _____

* * * * *

The following resolution was discussed and its title was read:

RESOLUTION OF OFFICIAL INTENT TO PURSUE
TAX EXEMPT FINANCING AND TO REIMBURSE
EXPENDITURES WITH PROCEEDS OF A BORROWING

WHEREAS, the Board of Commissioners of Cumberland County, North Carolina (the "County") intends to provide a portion of the financing of the acquisition, construction, renovation and equipping of certain capital improvements to various County property, including but not limited to the Crown Complex, the Courthouse, the historic Courthouse, the Sheriff's office, the Department of Social Services Building, and the Health Department, including parking lot, exterior building and roof repairs (collectively, the "Projects");

WHEREAS, the County may advance its own funds to pay expenditures related to the Projects, may borrow funds on a short term taxable or tax exempt basis in order to pay such expenditures or may enter into contracts obligating third parties to make certain expenditures relating to the Projects (the "Expenditures") prior to incurring indebtedness and to receive reimbursement for such Expenditures from proceeds of tax-exempt bonds or taxable debt, or both;

**BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF
CUMBERLAND COUNTY, NORTH CAROLINA:**

1. The County intends to utilize the proceeds of tax-exempt indebtedness, including but not limited to installment finance agreements (the "Indebtedness") or to incur other debt, to pay the costs of the Projects in an amount not currently expected to exceed \$10,000,000.
2. The County intends that the proceeds of the Indebtedness be used to reimburse the County for Expenditures with respect to the Projects made on or after the date that is no more than 60 days prior to the date of this resolution. The County reasonably expects on the date

hereof that it will reimburse the Expenditures with the proceeds of the Indebtedness or other debt.

3. The County intends that the adoption of this resolution confirms the "official intent" within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.

4. This resolution shall take effect immediately upon its passage.

Commissioner _____ moved the passage of the foregoing resolution,
Commissioner _____ seconded the motion, and the resolution was passed by the
following vote:

Ayes: _____

Nays: _____

Not Voting: _____

* * * * *

I, Candice White, Clerk to the Board of Commissioners for Cumberland County, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and complete copy of so much of the proceedings of the Board of Commissioners for the County at a regular meeting duly called and held August 17, 2015, as it relates in any way to the resolution hereinabove set forth and that such proceedings are recorded in Minute Book _____ of the minutes of the County. Pursuant to G.S. § 143-318.12, a current copy of a schedule of regular meetings of the Board of Commissioners for the County is on file in my office.

WITNESS my hand and the common seal of the County, this ____ day of August, 2015.

Clerk to the Board of Commissioners
Cumberland County, North Carolina

(SEAL)

CAPITAL IMPROVEMENT PROJECTS

with Financing Amounts shown in Green

Projects	Prior Fiscal Yrs	FY2016	FY2017	FY2018	FY2019	FY2020+	Total Project Expenditures
GENERAL FUND							
Parking Lot Repair/Resurfacing	\$ 91,000	\$ 739,500	\$ 274,500	\$ 339,000	\$ 660,000	\$ 250,000	\$ 2,354,000
10% contingency			135,300				
Building Additions/Renovations							
Animal Control - Expansion of Building	\$ -	\$ -	\$ 480,000	\$ -	\$ -	\$ -	\$ 480,000
DSS Carpet Replacement	-	-	280,000	280,000	-	-	560,000
Total - Building Additions/Renovations	\$ -	\$ -	\$ 760,000	\$ 280,000	\$ -	\$ -	\$ 1,040,000
Major Building Systems							
Detention Center Boilers	\$ -	\$ 198,000	\$ 198,000	\$ -	\$ -	\$ -	\$ 396,000
DSS Camera Replacement	-	-	125,000	-	-	-	125,000
Courthouse Camera Replacement	-	40,000	45,000	45,000	-	-	130,000
HVAC Replacements at C5 Building	-	-	-	136,000	-	-	136,000
Security Camera Upgrade at Detention Center	-	290,000	-	-	-	-	290,000
HVAC Replacement at Veterans Services	-	-	180,000	-	-	-	180,000
Total - Major Building Systems	\$ -	\$ 528,000	\$ 548,000	\$ 181,000	\$ -	\$ -	\$ 1,257,000
Minor Building Systems	\$ -	\$ 255,400	\$ 300,000	\$ 266,400	\$ 144,000	\$ -	\$ 965,800
Building Exterior Improvements	\$ -	1,738,440	420,480	168,240	151,440	85,440	2,564,040
Roof Repair/Replacement	\$ -	1,134,854	559,849	1,140,202	325,024	1,730,206	4,890,135
Total - General Fund	\$ 91,000	\$ 4,396,194	\$ 2,862,829	\$ 2,374,842	\$ 1,280,464	\$ 2,065,646	\$ 13,070,975
FY16 Financing General Fund			\$ 6,650,365				
SEPARATE FUNDS							
Public Utilities							
Bragg Estates Sewer Project	\$ 237,000	\$ 1,763,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
Overhills Sewer Project	315,549	3,057,151	-	-	-	-	3,372,700
Total - Public Utilities	\$ 552,549	\$ 4,820,151	\$ -	\$ -	\$ -	\$ -	\$ 5,372,700
Solid Waste							
Phase IV Expansion of Landfill	\$ -	\$ 8,010,000	\$ -	\$ -	\$ -	\$ -	\$ 8,010,000
Landfill Partial Closure	-	4,575,000	-	-	-	-	4,575,000
Piggyback Expansion of Landfill	-	-	120,000	-	-	-	120,000
Parking Lot Repair/Resurfacing	-	32,000	200,000	74,500	711,000	159,000	1,176,500
Total - Solid Waste	\$ -	\$ 12,617,000	\$ 320,000	\$ 74,500	\$ 711,000	\$ 159,000	\$ 13,881,500
Crown Complex							
Parking Lot Repair/Resurfacing	\$ -	\$ 491,500	\$ 88,500	\$ 461,000	\$ 420,500	\$ 140,000	\$ 1,601,500
10% contingency			104,100				
General Maintenance	-	1,000,000	500,000	500,000	-	-	2,000,000
Roof Repair/Replacement	-	1,665,360	11,550	11,550	11,550	11,550	1,711,560
Building Exterior Improvements	-	14,300	314,400	11,000	282,000	1,212,000	1,833,700
Repair/Replacement Projects	-	834,000	2,882,400	1,393,800	505,200	3,360,000	8,975,400
Total - Crown Complex	\$ -	\$ 4,005,160	\$ 3,900,950	\$ 2,377,350	\$ 1,219,250	\$ 4,723,550	\$ 16,122,160
FY16 Financing Crown Fund			\$ 3,173,260				
Total County-Wide Capital Improvements	\$ 643,549	\$ 25,838,505	\$ 7,083,779	\$ 4,826,692	\$ 3,210,714	\$ 6,948,196	\$ 48,447,335
FY16 Financing Total			\$ 9,823,625				



FINANCE OFFICE

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**MEMO FOR THE AGENDA OF THE
AUGUST 6, 2015 MEETING OF THE FINANCE COMMITTEE**

TO: FINANCE COMMITTEE MEMBERS
FROM: VICKI EVANS, FINANCE DIRECTOR *JE*
THROUGH: MELISSA CARDINALI, ASSISTANT COUNTY MANAGER
DATE: JULY 24, 2015
SUBJECT: MONTHLY FINANCIAL REPORT

Presenter(s): Vicki Evans, Finance Director

Estimate of Committee Time Needed: 5 Minutes

BACKGROUND

The monthly financial report summary for fiscal year 2015 is incomplete at this time. We are currently operating in the 13th period of fiscal year 2015, working toward closing out that fiscal year and are getting geared up for audit. In addition, we are also working within the first month of fiscal year 2016 with less than a month's data. Preliminary results of the 13th period of fiscal year 2015 will be presented at next month's Finance Committee meeting.

Other highlights include:

- Cumberland County Tax Department is reporting a total collection rate of 99.17%. This is the highest overall rate the department has ever attained.
- Cumberland County Finance Department recently received the Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year Ended June 30, 2014.

RECOMMENDATION/PROPOSED ACTION

No action needed – for information purposes only.

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