

CUMBERLAND COUNTY FINANCE COMMITTEE
COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
JUNE 8, 2017 – 4:00 PM
SPECIAL MEETING MINUTES

MEMBERS PRESENT: Commissioner Marshall Faircloth, Chairman
Commissioner Jeannette Council
Commissioner Jimmy Keefe (arrived at 4:10 p.m.)

OTHER COMMISSIONERS

PRESENT: Commissioner Glenn Adams
Commissioner Michael Boose
Commissioner Charles Evans
Commissioner Larry Lancaster

OTHERS:

Amy Cannon, County Manager
Melissa Cardinali, Assistant County Manager
Sally Shutt, Assistant County Manager
Phyllis Jones, Assistant County Attorney
Ronnie Mitchell, Sheriff's Office Legal Counsel
Vicki Evans, Finance Director
Deborah Shaw, Budget Analyst
Ivonne Mendez, Financial Specialist
Tammy Gillis, Director of Internal Audit and Wellness Services
Nedra Rodriguez, Workforce Development Director
Kimberly Cribb, Budget Analyst
Jeffrey Brown, Engineering and Infrastructure Director
Jerod Roberts, Solid Waste Director
Candice H. White, Clerk to the Board
Press

Commissioner Faircloth called the meeting to order.

1. APPROVAL OF MINUTES – MAY 4, 2017 REGULAR MEETING

MOTION: Commissioner Council moved to approve the May 4, 2017 regular meeting minutes.
SECOND: Commissioner Faircloth
VOTE: UNANIMOUS (2-0)

2. CONSIDERATION OF INTERNAL AUDIT REPORT AND PLAN

BACKGROUND:

At the June 15, 2015 Board of Commissioner's meeting, an Audit/Finance Committee Charter was adopted. The Charter requires that an audit plan be submitted to the Audit Committee for

approval. The Audit/Finance Committee approved a January - June 2017 audit plan at the March 2, 2017 Finance Committee meeting.

A summary of audits/projects completed during the January – June time period and a plan for the July - December 2017 time period are being submitted at this time. In November a plan for the second half of fiscal year 2018 will be submitted.

RECOMMENDATION/PROPOSED ACTION:

Staff recommends accepting the summary of completed January – June time period audits/projects report and approving the July - December 2017 Internal Audit Plan.

Cumberland County Internal Audit
Audit Tasks Completed
January – June 2017

<u>Audit/Project</u>	<u>Department</u>
Physical inventories	Central Maintenance Facility (CMF) Solid Waste garage Employee Pharmacy Health Department Pharmacy Health Department supply room
Balance inventory accounts	Central Maintenance Facility (CMF) Solid Waste
Cash counts	Sample of 15 petty cash or change funds
Review of procedures for Inmate Trust Fund And Inmate Welfare Fund	Detention Center Finance Division
Sales tax distribution expenses	Board of Education (to be completed by end of June)
Expenditure of County funds	Sample of 6 community agencies & 3 volunteer fire departments (to be completed by end of June)
Special Review	Health Department (in progress; not on original plan)

Cumberland County Internal Audit
Audit Plan
July – December 2017

<u>Audit/Project</u>	<u>Department</u>
Physical inventories	Central Maintenance Facility (CMF) Solid Waste garage

	Employee Pharmacy Health Department Pharmacy Health Department supply room
Inventory account reconciliations	CMF Solid Waste Employee Pharmacy
Bank accounts	Sheriff – Detention Center Social Services
Cash counts	Sample of depts. with petty cash or change funds
Expenditure of County funds	Sample of community agencies & volunteer fire departments
Schedule of Federal & State Expenditures	For FY 2016-17 audit
Single Audit with Cherry Bekaert, CPA firm	For FY 2016-17 audit (Aug 2017 –Oct 2017)
Review of CMF Inventory system	Central Maintenance Facility (CMF)
Purchase Card Review	Finance

Tammy Gillis, Director of Internal Audit and Wellness Services, reviewed the background information, internal audit tasks completed for January-June 2017 and the internal audit plan for July-December 2017.

MOTION: Commissioner Faircloth moved to accept the summary of completed January – June time period audits/projects report and approve the July - December 2017 Internal Audit Plan.

SECOND: Commissioner Council

VOTE: UNANIMOUS (2-0)

3. CONSIDERATION OF APPROVAL OF ENGINEERING SERVICES CONTRACT FOR SOLID WASTE MANAGEMENT

BACKGROUND:

The Solid Waste Management Department has been utilizing the engineering services of CDM Smith for the last 20+ years. The Solid Waste Manager Director along with the Engineering & Infrastructure Director felt that it would be in the County's best interest to develop a Request for Qualifications (RFQ) for solid waste engineering services for FY 2018. After development of

the RFQ, the Purchasing Division of the Cumberland County Finance Department advertised the RFQ in late December 2016 with submittals being due on February 3, 2017.

Seven consulting firms submitted their qualifications for review. The qualification packets were reviewed and rated by staff from Solid Waste Management along with Engineering & Infrastructure. Of the seven firms, only one firm had a local presence in Cumberland County. However, most personnel that would be utilized for the services needed by Solid Waste Management are in Virginia. Interviews were conducted with the four highest rated firms in mid-March with staff from both Solid Waste Management and Engineering & Infrastructure. Following the interview process, staff selected the most qualified firm and began discussions about scope of services and fees.

County staff has selected SCS Engineers as the most qualified firm to utilize for engineering services related to the Solid Waste Department. SCS Engineers is a national leader in the solid waste industry and has offices throughout the United States. Cumberland County will be served primarily out of the Raleigh and Charlotte offices. SCS Engineers provides similar services to other counties in North Carolina as well as across the country.

The Finance Committee is being asked to approve the Master Services Agreement between SCS Engineers and Cumberland County for professional services related to solid waste. As services are needed, the County would complete a work order outlining the scope of services to be completed by SCS Engineers. The Solid Waste Director has already developed a work order outlining services that SCS Engineers would need to provide Cumberland County for FY 18. This document is also attached. The proposed fees for the scope of services outlined in Work Order #1 is \$188,100. If additional tasks are identified throughout the year which would require the services of SCS Engineers, then the County would define the scope of services and request a price proposal from SCS Engineers.

RECOMMENDATION/PROPOSED ACTION:

The Solid Waste Management Director, Engineering & Infrastructure Director and County Management recommend that the Finance Committee approve the following recommendations and forward them to the Board of Commissioners for its consideration at their June 19th meeting.

1. Approve the Master Services Agreement between SCS Engineers and Cumberland County for professional services related to Solid Waste.
2. Approve Work Order #1 in the amount of \$188,100 for the services outlined in the document.

Jeffrey Brown, Engineering and Infrastructure Director, reviewed the background information recorded above and responded to questions. Mr. Brown stated compared to the cost of services the County had been getting from CDM Smith, the price for services reflected in Work Order #1 is cheaper than what had been paid in the past to CDM Smith.

MOTION: Commissioner Council moved to approve the Master Services Agreement between SCS Engineers and Cumberland County for professional services related to Solid Waste and approve Work Order #1 in the amount of \$188,100 for the services outlined in the document.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (3-0)

4. CONSIDERATION OF AMENDMENT TO CONTRACT FOR WORKFORCE SERVICES AND AWARD OF ADDITIONAL FUNDING

BACKGROUND:

Cumberland County receives annual funding from the state to provide workforce development services through the Workforce Innovation & Opportunity Act (WIOA). These services are contracted to Rescare Workforce Services who participates as an integrated team-member at the Cumberland County NCWorks Career Center. The Workforce Development Board has reviewed and approved a request for additional funding from Rescare Workforce Services for the remainder of the contract period which ends November 30, 2017. The total amount of additional federal drawdown funds requested is \$1,154,518 and is broken down further into smaller amounts as follows: \$397,140 for Adult services, \$499,682 for Dislocated Worker services, \$193,272 for Out-of-School Youth services, and \$64,424 for In-School Youth services. These funds are necessary to continue the existing services provided by Rescare Workforce Services through the end of the contract period.

RECOMMENDATION/PROPOSED ACTION:

The Workforce Development Board and staff recommend approval of an additional \$1,154,518 to Rescare Workforce Services for all four program areas (i.e., Adult, Dislocated Worker, In-School Youth, and Out-of-School) and to authorize the County Manager to execute the contract amendment.

Nedra Rodriguez, Workforce Development Director, reviewed the background information recorded above and stated the amendment is an extension to the existing contract awarded by the Board of Commissioners on November 2, 2016. Ms. Rodriguez stated the original contract was for one year with an option to extend the contract for two one-year periods. Ms. Rodriguez stated this funding will enable Workforce Development to continue services effective July 1, 2017 through November 30, 2017 and the \$1,154,518 represents five months of the estimated allocation that will be received. Ms. Rodriguez stated once the fiscal year ends and the carry-forward is determined, then additional funding will be added for services either with Rescare Workforce Services or another entity identified through the Request for Proposal process.

MOTION: Commissioner Council moved to approve an additional \$1,154,518 to Rescare Workforce Services for all four program areas (i.e., Adult, Dislocated Worker, In-School Youth and Out-of-School) and to authorize the County Manager to execute the contract amendment.

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

5. CONSIDERATION OF APPROVAL FOR HEALTH CARE DELIVERY SERVICES
AT THE CUMBERLAND COUNTY DETENTION CENTER

BACKGROUND:

During the March 20, 2017 Board of Commissioners' meeting, approval was given to issue a request for proposal (RFP) for the Cumberland County Detention Center's healthcare delivery services. The RFP was issued on May 10. The original deadline of May 18 was extended to May 24 to allow time for applicants to consider additional information that was brought about by questions and answers generated within the allowed timeframe. Upon receipt, purchasing staff reviewed the proposals, obtained legal advice from the School of Government regarding bid bond exclusion, then compiled the following information:

Proposal Check Sheet
RFP No: 17-25-DC- Detention Center Healthcare Services
Due Date: 5/24/2017 Time: 3:00 PM

Bidders Name	Received by Due Date/Time	Sealed/and Properly Marked	Bid Bond Included	Total Amount
Cape Fear Valley Health System	✓	✓		\$ 5,679,772.40
Correct Care Solutions	✓	✓	✓	\$ 3,998,620.00
Rapha Health Systems	✓			\$ 5,793,468.00
Southern Health Partners Inc	✓	✓	✓	\$ 2,451,300.00
Cumberland County Health Dept	✓	NA	NA	\$ 6,645,240.00

Based on the initial requirements shown on the proposal check sheet, two bidders were compliant in all areas. The RFP review team independently reviewed the responsive bids from Correct Care Solutions and Southern Health Partners as well as the response submitted by Cape Fear Valley Health System. The team then met to collectively assess the bids. Together, the team unanimously selected Southern Health Partners as the lowest responsive and responsible bidder based on the following criteria: price; past performance and experience; and, technical and management. The Sheriff agrees with the recommendation of the review team.

The RFP allowed for: cost share options outside of the annualized pricing; additional charges for increases in the average daily population (ADP) above the base level; pricing amounts over five years (to include annual inflationary increases); and, required a full and complete staffing plan. Mental health service provision was provided in a separate amount. The review team has considered the following to arrive at a first-year proposed contract amount:

Base cost (including mental health service provision)	\$ 2,451,300
Estimated County cost share	300,000
Electronic medical record cost	40,146
Estimated County cost for certain IT expenses	32,000
Estimated charges for increases in ADP above base level	23,850
Advanced care costs - DPS, Central Prison, etc.	200,000
Proposed first year contract amount	<u>\$ 3,047,296</u>

This contract total does not reflect the additional County recurring cost of \$6,500 to provide secure wireless internet access within the detention center. That amount will be reflected in the Detention Center's budget.

RECOMMENDATION/PROPOSED ACTIONS:

County Management, County Legal, and the Sheriff's Office recommend that the Finance Committee approve the following regarding the Cumberland County Detention Center healthcare delivery services and forward to the Board of Commissioners' meeting for its consideration at the June 19, 2017 meeting:

1. Accept the bids for healthcare delivery services at the Cumberland County Detention Center.
2. Award the healthcare delivery services at the Cumberland County Detention Center contract to the lowest responsive bidder, Southern Health Partners, Inc., in an amount not to exceed \$3,047,296 for the first year, with a two percent increase for each additional year (on the base cost and ADP above base level), to be effective July 1, 2017, contingent upon successful contract negotiation.

Vicki Evans, Finance Director, reviewed the background information recorded above. Ms. Evans stated in Southern Health Partners, Inc.'s proposal, they proposed a cost share option outside of annualized pricing in which they will pay for the first \$100,000, the second \$100,000 would be split 50/50 and the County would pay for an amount above \$200,000 at 100% which is estimated at \$300,000. Ms. Evans stated the medical record cost of \$40,146 is a one-time cost so Southern Health Partners, Inc. can get their EMR established; however, there will be recurring costs to maintain that system in the future. Ms. Evans stated the estimated charges for increases in ADP above the base level will be \$23,000 if the County goes over the ADP for six months out of the year, and advanced care costs estimated at \$200,000 is slightly more than where the County is at this point in the fiscal year.

Commissioner Keefe inquired regarding the base level. Ms. Evans stated it was 778 in the RFP for fiscal year 2018 with an incremental increase for each year so each of the responders provided a dollar amount for each year based on 778. Ronnie Mitchell, Sheriff's Office Legal Counsel, stated the current capacity is 860 but a more realistic view if 816. Chairman Adams asked whether accreditation was included. Ms. Cannon responded in the affirmative. Commissioner Council asked whether the Chief Jailer signed off. Ms. Cannon responded Major Adams was part of the review team. Major Adams stated after going through all of the proposals, Southern Health Partners, Inc. was the best company for the Detention Center.

In response to a question posed by Commissioner Evans, Mr. Mitchell explained one of the requisites asked in the RFP was the expression of willingness to hire employees currently working who have a good work record and good work ethic. Mr. Mitchell stated Southern Health Partners, Inc. flatly stated they would recruit, vet and interview current employees.

MOTION: Commissioner Council moved to accept the bids for healthcare delivery services at the Cumberland County Detention Center and award the healthcare delivery services at the Cumberland County Detention Center contract to the lowest responsive bidder, Southern Health Partners, Inc., in an amount not to exceed \$3,047,296 for the first year, with a two percent increase for each additional year (on the base cost and ADP above base level), to be effective July 1, 2017, contingent upon successful contract negotiation.

DISCUSSION: Commissioner Faircloth asked whether this took care of jail health. Ms. Cannon stated every effort was made to be comprehensive and this amount is for the full array of health and mental health services in the Detention Center. Commissioner Keefe inquired regarding the effective date. Ronnie Mitchell, Sheriff's Office Legal Counsel, stated the goal is July 1, 2017. Mr. Mitchell stated companies were asked to tender a proposed contract as part of the RFP and he has begun drafting a contract that the County will probably find more acceptable.

SECOND: Commissioner Keefe

VOTE: UNANIMOUS (3-0)

6. CONSIDERATION OF ANNUAL TRANSFER TO THE HEALTH INSURANCE FUND FOR INCURRED BUT NOT REPORTED CLAIMS (IBNR)

BACKGROUND:

By June 30 of each fiscal year *the County must estimate the dollar amounts 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 fiscal year 2017 IBNR is projected to be close to the same amount as the IBNR amount of fiscal year 2016 because the average claims amount of fiscal year 2017 has not increased. The projected fiscal year 2017 IBNR amount totals \$2,200,000 which requires a budget revision. The fiscal year 2016 IBNR amount was \$2,430,000.

In anticipation of the annual IBNR cost, \$2,500,000 was designated within the FY16 year-end fund balance designations of the general fund, designated for special purposes. A budget revision has been prepared to request the transfer of general fund fund balance totaling \$2,200,000 into the health insurance fund.

RECOMMENDATION/PROPOSED ACTION:

Management recommends the Finance Committee approve and forward to the Board of Commissioners the following action: Approve the fund balance transfer by approval of Budget

Ordinance Amendment B171061 to transfer \$2,200,000 out of the general fund and into the health insurance fund.

Ms. Evans reviewed the background information recorded above. Commissioner Keefe asked how close the projection was to the real number. Ms. Evans stated the number for the IBNR projection is provided by Mark III and Mark III has to prove their number to the auditors during the County's annual audit each year. Commissioner Faircloth asked whether the real numbers are tracked. Ms. Evans stated that is accomplished by looking at 2017 claims payments and a reversal of IBNR numbers occurs in 2018.

MOTION: Commissioner Keefe moved to approve and forward to the Board of Commissioners the following action: Approve the fund balance transfer by approval of Budget Ordinance Amendment B171061 to transfer \$2,200,000 out of the general fund and into the health insurance fund.

SECOND: Commissioner Council

VOTE: UNANIMOUS (3-0)

7. OTHER ITEMS OF BUSINESS

There being no further business, the meeting adjourned at 4:35 p.m.