

CUMBERLAND COUNTY FINANCE COMMITTEE
COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
MAY 3, 2018 – 8:30 AM
REGULAR MEETING MINUTES

MEMBERS PRESENT: Commissioner Jimmy Keefe, Chairman
Commissioner Glenn Adams
Commissioner Marshall Faircloth

OTHERS: Commissioner Jeannette Council
Commissioner Charles Evans
Commissioner Larry Lancaster
Amy Cannon, County Manager
Melissa Cardinali, Assistant County Manager
Tracy Jackson, Assistant County Manager
Sally Shutt, Assistant County Manager
Duane Holder, Assistant County Manager
Rick Moorefield, County Attorney
Vicki Evans, Finance Director
Tammy Gillis, Director of Internal Audit and Wellness Services
Jeffery Brown, Engineering and Infrastructure Director
Amy Hall, Public Utilities
Deborah Shaw, Budget Analyst
Heather Harris, Budget Analyst
Candice H. White, Clerk to the Board

Commissioner Keefe called the meeting to order.

1. CONSIDERATION OF APPROVAL OF MINUTES - MARCH 1, 2018 REGULAR MEETING

MOTION: Commissioner Faircloth moved to approve the March 1, 2018 regular meeting minutes.

SECOND: Commissioner Adams

VOTE: UNANIMOUS (3-0)

2. CONSIDERATION OF ANNUAL SCHOOL FUNDING AGREEMENT FOR THE CUMBERLAND COUNTY SCHOOL SYSTEM

BACKGROUND:

At the April 16, 2018 Board of Commissioners meeting, the following March 1, 2018 Finance Committee recommendation was considered:

- A three-year funding agreement based on a rate of \$1,575 per allotted average daily membership (ADM).

- The ADM rate of \$1,575 was derived from FY17 funding of \$79,463,109 and FY17 allotted ADM of 50,459.
- The allotted ADM did not include charter students, as originally thought.

The action at the April 16, 2018 meeting was to refer this matter back to the Finance Committee for further consideration.

RECOMMENDATION/PROPOSED ACTION:

Consider the expanded information provided on ADM and the inclusion of a floor in the funding formula as a basis for the annual school funding agreement.

Amy Cannon, County Manager, reviewed the background information recorded above and stated she received a letter from Clyde Locklear, Cumberland County School Finance Director, requesting a county appropriation for FY19 of \$85,884,000 or an increase of \$5.3 million over the appropriation for the current year. Commissioner Keefe asked whether Mr. Locklear was operating independently with this request or whether the request was from the Board of Education. Ms. Cannon stated the letter did not indicate whether board action had been taken, but her thought was that the request was on behalf of the Board of Education.

Commissioner Adams posed questions regarding the annual current expense funding from the county to the school system. Ms. Cannon stated the hold harmless clause in the agreement led to the \$80,362,412 for FY17-18 and had there not been a hold harmless provision, funding would have been \$76,044,419. Commissioner Adams stated based on his understanding of the numbers, going from \$76,044,419 to \$85,884,000 would not be an increase of \$5.3 but almost a \$10 million increase over what the Board of Commissioners would budget. Commissioner Adams stated because budget season is underway, staff need direction and as a starting number for negotiations, he would propose going to \$79 million which would give the school system a \$3 million increase over the \$76 million. Commissioner Faircloth stated he concurred with the dollar amount \$79,463,109 but his objection is to expressing it as ADM. Commissioner Faircloth stated if that amount can be expressed as a percentage of the projected local property tax, and if a three-year agreement be done based on that percentage of the local property tax collections, he is in agreement. Commissioner Adams stated the question now is whether to go with ADM allocation. Commissioner Faircloth stated his vote is no. Questions and discussion followed.

Ms. Cannon stated for the current year because there was an adjustment for revaluation, there is not a true-up and as of June 30, 2018, the schools will receive \$80,362,412. Ms. Cannon stated for FY19, budget is refining the number and believe growth is minimal at 1.4%. Commissioner Faircloth asked what percentage \$79,463,109 was of the projected ad valorem tax. Additional questions and discussion continued.

Commissioner Keefe stated he felt the funding formula was very complicated and his affinity to ADM is not to be punitive; it used by the state, down to the counties, to the school boards and down to individual schools which appears to be the fairest and most equitable. Commissioner

Keefe concurred with Commissioner Adams that pragmatically speaking, people need to be allowed to budget, and he can support the request for \$79,463,109 until further discussion.

Ms. Cannon stated in response to Commissioner Faircloth's earlier question about how the \$79,463,109 relates to next year's projected valuation, the percentage is 48.76% (based on real and personal values/excludes motor vehicle). Ms. Cardinali stated it was previously 46.03%. Commissioner Faircloth stated if there is support for a three-year agreement at 48.76% of the collections going to the school system, the matter is done and is very uncomplicated and will not be affected whether the ADM goes up or down. Commissioner Keefe stated he could not support that. Commissioner Adams stated he hears support for \$79,463,109 which gives the school system an increase over what they would have gotten under the old agreement without the hold harmless.

MOTION: Commissioner Adams moved for \$79,463,109.

SECOND: Commissioner Faircloth

DISCUSSION: Commissioner Adams stated this gives staff a number to plug in and when the budget sessions begin, a determination can be made about a percentage or ADM. Commissioner Keefe stated this is just a placeholder number and not a long-term agreement.

VOTE: UNANIMOUS (3-0)

3. CONSIDERATION OF SELECTION OF COUNSEL TO PURSUE OPIOID LITIGATION

BACKGROUND:

At its March 1, 2018, meeting the Finance Committee discussed that any local attorneys who wished to serve as local counsel with one of the national groups of firms that were representing counties in the opioid litigation should contact the national firms and work out the arrangements for being designated as local counsel. Only three local attorneys contacted the county attorney to express their interest in serving as local counsel. The county attorney provided each with the contact information for the McHugh Fuller Group and the Crueger Dickinson Group. The county attorney advised each of the national groups about this process and asked that they submit their final proposed contracts by March 27, 2018. A synopsis of the proposed contracts submitted by the two national groups follows:

The McHugh Fuller Group:

The group of national firms and local counsel for which Michael Jay Fuller, Jr., Esq., has been designated lead counsel are fully identified in the proposed contract was provided. The local attorneys included in the North Carolina firms designated as local counsel are:

THE RICHARDSON FIRM, PLLC
4200 Morganton Road, Suite 150
Fayetteville, North Carolina

LAW OFFICES OF ANTONIO F. GERALD, PLLC
137 Person Street, Suite 103
Fayetteville, North Carolina

This group will sue the manufacturers and distributors. The abatement of the opioid epidemic as a public nuisance is one of many causes of action this group will pursue. They require the counties they represent to adopt a resolution declaring the opioid crisis a public nuisance which must be abated. The resolution this group has requested is attached. Note that neighboring counties are identified as counties in which the prescription rates are much higher than the state average. Cumberland's rate is lower than the state average.

The Crueger Dickinson Group:

The group of national firms and local counsel for which Erin Dickinson, Esq., has been a spokesperson in N.C. are fully identified in the proposed contract which is attached. The Fayetteville firm of Williford, Hollers, Crenshaw, Boliek & Frangakis has been designated as local counsel for Cumberland County. This group also intends to sue the manufacturers and distributors, but they are not pursuing a cause of action for abatement of a public nuisance. They have not asked for a declaration of public nuisance but have asked for a general resolution in support of the litigation which is attached. This group did tailor the resolution to fit the data for Cumberland County. This group's contract has a provision addressing any potential conflict of interest arising out of the group's representation of multiple N.C. counties and cities. Acceptance of the contract constitutes a waiver of any conflict of interest.

Both Groups:

The fee provisions for both groups are now basically the same. Each is a 25% contingency fee contract with the fee to be applied to the gross amount of any recovery with the costs of litigation to be reimbursed from the balance after deducting the attorneys' fees. Each caps all fees, costs and expenses at 35% of the gross amount of any recovery. Neither contract requires the county to expend any funds for attorneys' fees or costs except from monies received out of settlement with or a judgment against the defendants. Neither contract will provide defense for any counterclaims or claims for sanctions at no additional fee. Under either of these contracts, the county could be liable for damages or attorney fees to the defendants if the defendants prevailed on any motion for sanctions or a counterclaim. Each of these groups of firms has experience with opioid and multi-district litigation and each is exceptionally qualified to pursue this litigation.

Other Options:

The Board does not have to choose either of these firms to pursue this litigation. At this time no other N.C. counties have filed suit with a firm other than one of these.

RECOMMENDATION/PROPOSED ACTION:

The county attorney recommends the Board select counsel to join the litigation and advises that the two groups of firms whose proposals are summarized above are as qualified as any firm that might be solicited with a RFP. If the Board is satisfied with either of these proposals, the Board should select one of these groups as counsel under the terms of the proposals as presented or subject to such further conditions as the Board deems appropriate.

Rick Moorefield, County Attorney, reviewed the background information recorded above and the firms that the two national groups designated as local counsel. Mr. Moorefield reviewed the fee provisions for the two national groups and stated the fees will come out of gross proceeds with both capping it at 35% of the gross amount of recovery. Mr. Moorefield stated both contracts provide that there will be no money paid by the county out of public funds, and any fees or costs will only be provided by the defendant through a judgement or settlement. Mr. Moorefield stated a provision that has been taken out of the previous contracts is that neither contract will provide defense for any counterclaims or claims for sanctions at no additional fee. Mr. Moorefield stated under either of these contracts, the county could be liable for damages or attorney fees to the defendants if the defendants prevail on any motion for sanctions or a counterclaim. Mr. Moorefield stated he does feel there is a substantial risk of this in this case. Mr. Moorefield stated each of these groups has experience with opioid litigation and each is as exceptionally qualified to pursue this litigation as any firms that would arise from an RFP process.

Mr. Moorefield stated the difference in the two approaches is that the Crueger Dickinson Group waives any conflict of interest that may arise by their representation of other counties or municipalities and McHugh Fuller Group does not have that provision. Mr. Moorefield stated the primary cause of action of the McHugh Fuller Group is based on the public nuisance approach and they are using data in their resolution from surrounding counties or CDC data to beef of that approach. Mr. Moorefield stated the data that can be shown for Cumberland County puts it in the bottom third in North Carolina in terms of prescriptions and number of opioid pills prescribed and used.

Mr. Moorefield stated the Board does not have to choose either of these firms to pursue this litigation, but he is not aware of any other firms having been selected by other counties at this point. Mr. Moorefield stated other counties that conducted RFPs ended up selecting one of these two firms.

Commissioner Adams stated the firm of Williford, Hollers, Crenshaw, Boliek & Frangakis has been designated as local counsel by the Crueger Dickinson Group and they do not handle civil law in their firm, only criminal. Commissioner Adams stated this is major civil litigation and if a firm has not done civil litigation in federal court, that is a concern for him.

Commissioner Keefe stated no one will understand how opioids have affected Cumberland County more than the county attorney and if a firm is chosen, he would like the county attorney to be the representative in the civil action. Mr. Moorefield stated his recommendation all along has been the Crueger Dickinson Group because their approach is more in line with the county's data, and also his recommendation that they designate the county attorney as local counsel.

Commissioner Keefe asked Mr. Moorefield whether he believed he could negotiate fees. Mr. Moorefield stated not fees per se but he has spoken about reducing the charge to the county by the amount they were going to pay local counsel or a contribution to a county agency or group that would be involved. Mr. Moorefield stated because he did not know the committee's interest, those details have not been worked out. Commissioner Keefe asked Mr. Moorefield whether his

continuing as the civil local attorney would be an option. Mr. Moorefield stated he believed it may be an option, but there has not been talk about that for a while.

MOTION: Commissioner Adams moved to go with the McHugh Fuller Group with the caveat that commissioners not sign the contract.

SECOND: Commissioner Faircloth

DISCUSSION: Commissioner Keefe stated the recommendation of the county attorney was for the law firm that had the most success and the motion goes against that. Commissioner Keefe asked whether the motion would take the county attorney out of the local representation. Commissioner Adams stated he did not feel the county attorney would ever be out of it and he did not hear that one group was any more successful than the other. Commissioner Adams stated what he heard was that both firms were successful but did it in different ways.

VOTE: PASSED (2-1) (Commissioners Adams and Faircloth voted in favor; Commissioner Keefe voted in opposition)

4. CONSIDERATION OF THE CHERRY BEKAERT AUDIT CONTRACT TO AUDIT ACCOUNTS FOR FY18

BACKGROUND

On April 18, 2016 the Board of Commissioners approved a three-year agreement for Cherry Bekaert to perform the annual audit for Cumberland County. At that time, Cherry Bekaert provided the County with several pricing options. For the audit of fiscal year 2017, Option two was utilized upon Board of Commissioners' approval on September 18, 2017. For fiscal year 2018 we are requesting approval to select Option one.

Option one includes Cherry Beakert having responsibility for writing the full report. For 2018 the cost for report writing is \$19,000. Option one also excludes the use of the County's Internal Auditor from duties related to the financial and single audit. For 2018 the cost to exclude the Internal Auditor is \$21,500.

The report writing function of the Comprehensive Annual Financial Report (CAFR) has historically been completed by Cherry Bekaert. Although report writing functionality exists in the current financial system, the Finance Office is not adequately staffed to implement this function. As was the case for the fiscal year 2017 audit, if Cherry Bekaert does not write the report, the County will be at risk of issuing an untimely CAFR.

Having an Internal Auditor work with Cherry Beakert on financial and single audit requirements was introduced with the fiscal year 2014 audit contract. Initially the savings to the County was \$20,000 annually. Since that time, additional stipulations and costs became required of the Internal Auditors for continuation of this practice. The cost to the County to continue this practice has exceeded the benefit of the dollar savings. In addition to the tangible cost, opportunity cost should also be considered. Internal audit staff time could alternatively be spent conducting additional

audits on departments and would allow more time to work in conjunction with the Business Intelligence function of the Information Services Department.

All options and the related costs are shown in the table below:

Audit of Fiscal Year ending:	Option 1 Report writing Financial & single audit	Option 2 Report writing Financial & single audit Less: Use of Internal Auditor	Option 3 Report writing Financial & single audit Less: Use of Internal Auditor Less: All report writing performed by County	ALL Fee Reduction for 2016 contract extension
June 30, 2017	\$ 116,625	\$ 85,625	\$ 80,625	\$ (4,000)
June 30, 2018	\$ 119,650	\$ 98,150	\$ 82,650	\$ (3,000)
June 30, 2019	\$ 121,750	\$ 99,750	\$ 83,750	\$ (3,000)

The net cost for the fiscal year 2018 audit contract will be \$116,650.

RECOMMENDATION/PROPOSED ACTION

Management recommends the Finance Committee approve and forward to the Board of Commissioners the following action: Approve the Contract to Audit Accounts with Cherry Bekaert for fiscal year 2018 utilizing Option One which requires Cherry Bekaert to do the report writing, full completion of the financial and single audits, for a net cost of \$116,650.

Vicki Evans, Finance Director, reviewed the background information recorded above and stated at present, the plan is to release an RFP in the early fall of 2019 so the county is well within the timeframe to contract for the FY20 audit. Ms. Evans referenced the table recorded above and stated the amount of \$85,625 under Option 2 for FY ending June 30, 2017 should be corrected to the amount of \$95,625. Ms. Evans noted the correction does not change any of the other numbers in the table or other information provided.

Ms. Evans explained the report writing function includes converting the county's financial transactions into the government wide and fund financial statements and completing the reconciliation between the statements. Ms. Evans stated this does not alleviate staff from any responsibility associated with the report.

MOTION: Commissioner Faircloth moved to accept staff recommendation and accept the total audit fee at a net cost of \$116,650.

SECOND: Commissioner Adams

VOTE: UNANIMOUS (3-0)

5. CONSIDERATION OF PUBLIC UTILITIES' WATER AND SEWER RATE STRUCTURES

**A. CONSIDERATION OF AMENDMENT TO THE NORCRESS WATER AND
SEWER DISTRICT RATE STRUCTURE**

BACKGROUND:

A review of the operational costs of the NORCRESS sewer system, has revealed the present rate of collections for sewer service is not meeting the costs being incurred by the system for operations and maintenance. There have been increases by the sewer service provider, chemical provider and electrical providers. At the present rate we are not generating any revenue to set aside as a capital reserve fund to pay for replacement equipment or needed repairs.

The rates were last increased in 2013, in which the increase raised the rate on residential sewer service to \$6.50 per 1,000 gallons, commercial sewer service to \$7.00 per 1,000 gallons and flat rate services to \$31.42 per month.

The NORCRESS Advisory Board, consisting of Mayors from Wade, Falcon and Godwin, suggested the following proposed rate increases and changes at its April 12th meeting:

<u>Rate Description</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Residential Sewer Customers	\$6.50/thousand gallons	\$7.50/thousand gallons
Commercial Sewer Customers	\$7.00/thousand gallons	\$8.00/thousand gallons
Flat Rate Sewer Customers	\$31.42 per month	\$33.42 per month
Operation & Maintenance Fee Residential	\$2.00 per month	\$3.00 per month
Operation & Maintenance Fee Commercial	\$1.00/thousand gallons	\$2.00/thousand gallons
Administration Fee	\$1.58 - \$46.70 per month, depending on meter size	\$2.00 per month, no matter the meter size
Local Town Fee	\$1.75 – 7.50 per month, depending on meter size	\$1.75 per month, no matter the meter size

The average monthly usage throughout this system is 4,500 gallons per residential user, this equates to an average increase of \$5.92 per month to the individual customer for sewer service. The effective date of the rate increase will be July 2018, after customers have been provided a 30 day notice of the new rates.

Spreadsheets showing the monthly costs associated with the operation of the system, as well as, revenue requirements to meet these costs were provided.

RECOMMENDATION/PROPOSED ACTION:

The Engineering and Infrastructure Director, the NORCRESS Advisory Board and County Management recommend that the Finance Committee approve the rate structure amendments for NORCRESS and place the item on the agendas of the May 21, 2018 Board of Commissioners and the NORCRESS Water and Sewer District meetings for approval.

NORCRESS FY19 Rate Adjustment

Revenue	Current Rate	New Rate
Revenue Sewer Residential-FY17 Towns Metered - 12,745,319	\$ 82,844.58	\$ 95,589.90
Revenue Sewer Commercial-FY17 Towns Metered - 16,859,910	\$ 118,019.37	\$ 134,879.28
Flat Rate Users - \$31.42 x 6 users x 12 months	\$ 2,262.24	\$ 2,406.24
Lift Station Residential Maintenance Fee-FY17 Numbers	\$ 13,416.00	\$ 20,124.00
Lift Station Commercial Maintenance Fee-FY17 Numbers	\$ 22,761.12	\$ 45,522.24
Debt Service Fee-FY17 Numbers	\$ 82,397.33	\$ 82,397.33
Administration Fees-FY17 Numbers	\$ 13,117.70	\$ 14,904.00
Martins Meats Chemical Surcharge - FY17 Numbers	\$ 24,606.62	\$ 24,606.62
Total FY17 Revenue	\$ 359,424.96	\$ 420,429.61

Based on a residential rate of _____ per thousand gallons =	\$ 6.50	\$ 7.50
Based on a commercial rate of _____ per thousand gallons =	\$ 7.00	\$ 8.00
Based on a _____ Flat Rate User fee increase =	\$ 31.42	\$ 33.42
Based on a residential LS maintenance rate of _____ per customer =	\$ 2.00	\$ 3.00
Based on a commercial LS maintenance rate of _____ per thousand gallons	\$ 1.00	\$ 2.00
Based on a residential administration rate of _____ per customer =	\$ 1.58	\$ 2.00
FY-17 Towns Metered Usage of 29,605,229 gallons		
FY-17 PWC Metered Usage of 49,392,492 gallons		

Expenses		
522210-Supplies	\$ 500.00	\$ 500.00
533301-Contracted Services - Lexis Nexis	\$ 426.00	\$ 426.00
533406-M/R Other - PWC O&M	\$ 38,835.96	\$ 38,835.96
533410-M/R Contract - Chemicals	\$ 80,089.05	\$ 80,089.05
533520-Postage	\$ 170.42	\$ 170.42
533535-Utilities - Electric & Sewer Treatment Bills	\$ 223,398.48	\$ 223,398.48
533550-Printing	\$ 100.00	\$ 100.00
533587-License & Permits-DEQ Permit	\$ 810.00	\$ 810.00
533635-Collection Fees-Sheriff's Service Fee	\$ 30.00	\$ 30.00
533701-Court Costs-Small Claims Filing Fee	\$ 96.00	\$ 96.00
588201-Principal	\$ 22,000.00	\$ 22,000.00
588202-Interest	\$ 43,477.50	\$ 43,477.50
Total FY17 Expenses	\$ 409,433.41	\$ 409,433.41
Expected Profit (Loss)	\$ (50,008.45)	\$ 10,996.20

4,500 gallons at a rate of _____/1,000 gallons =	\$29.25	\$33.75
Debt Service, Admin. Fee, & O&M Fee =	\$13.23	\$14.65
Total Average Monthly Bill	\$42.48	\$48.40
Monthly Average Bill Difference with Rate Options:	0	\$5.92

PROPOSED
(without markup)
NORCRESS Sanitary Sewer Rate Schedule

MONTHLY RATE

The monthly wastewater bill shall be the sum of the Availability Fee, Operation and Maintenance Fee, Administration Fee, Town Fee and Usage Charge.

RESIDENTIAL SANITARY SEWER RATE SCHEDULE

Availability Fee – All Customers (As referenced in the Cumberland County Water and Sewer Ordinance)	\$9.65 per customer
Operation and Maintenance Fee – All Customers	\$3.00 per customer
Administration Fee – All Customers	\$2.00 per customer
Town Fee – All Customers	\$1.75 per customer
Residential Sewer Usage Charge – Connected Customers (Usage Charges per 1,000 gallons = 1 MGAL)	\$7.50 per MGAL

COMMERCIAL SANITARY SEWER RATE SCHEDULE

Availability Fee – All Customers (As referenced in the Cumberland County Water and Sewer Ordinance)	\$1.00 per MGAL
Operation and Maintenance Fee – All Customers	\$2.00 per customer
Administration Fee – All Customers	\$2.00 per customer
Town Fee – All Customers	\$1.75 per customer
Commercial Sewer Usage Charge – Connected Customers (Usage Charges per 1,000 gallons = 1 MGAL)	8.00 per MGAL

ZERO USAGE COMMERCIAL SANITARY SEWER RATE SCHEDULE

Availability Fee – All Customers (As referenced in the Cumberland County Water and Sewer Ordinance)	\$9.65 per customer
Operation and Maintenance Fee – All Customers	\$3.00 per customer
Administration Fee – All Customers	\$2.00 per customer

Town Fee – All Customers	\$1.75 per customer
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FLAT RATE SANITARY SEWER SERVICE

<u>Availability Fee – All Customers</u> (As referenced in the Cumberland County Water and Sewer Ordinance)	<u>\$9.65 per customer</u>
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<u>Operation and Maintenance Fee – All Customers</u>	<u>\$3.00 per customer</u>
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<u>Town Fee – All Customers</u>	<u>\$1.75 per customer</u>
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Flat Monthly Charge – Connected Customers
\$33.42

OTHER FEES

Deposit	\$100.00
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Late Penalty	\$10.00
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Disconnect Fee (Administrative charge to discontinue service for non-payment)	\$25.00
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Reconnect Fee - Business hours (Administrative charge to re-establish service after discontinuance for non-payment)	\$25.00
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After-Hours Reconnect Fee (Available until 9:00 pm)	\$75.00
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*Returned Bank Item Fee (Amount of bank item plus return fee - CASH, MONEY ORDER OR CERTIFIED CHECK ONLY)	\$25.00
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Court Costs	Actual
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Elder Valve	Actual plus 10%
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Processing Fee per Collection Action	\$30.00
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Administrative Filing Fee per Collection Action	\$100.00
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CONNECTION FEES AND CHARGES

1. Standard Tap Fee:

The Standard Tap Fee will be based on the customer's water meter size and will provide NORCRESS Water and Sewer District with funds for long-term system replacement and upgrade.

<u>Size of Water Meter</u>	<u>Standard Tap Fee</u>
5/8"	\$670.00
1"	\$1,670.00
1-1/2"	\$3,350.00
2"	\$5,360.00
3"	\$11,720.00
4"	\$20,100.00
6"	\$41,880.00
8"	\$60,310.00

2. Sewer Laterals:

An estimate shall be given to the applicant prior to installation and shall be paid by the applicant prior to any installation of laterals to be connected to the sewer system. All charges include labor, equipment and materials required for the installation of the specified pipe size or sizes.

3. Main Extension Charges:

An estimate shall be given to the applicant prior to installation and shall be paid by the applicant prior to extending the main in the sewer district. All charges include labor, equipment and materials required for the installation of the specified pipe size or sizes.

4. Debt Charge:

A Debt Charge equaling the sum of the Availability Charges that would have been paid had the customer connected when the main was first available.

Jeffery Brown, Engineering and Infrastructure Director, reviewed the background information recorded above and referenced the NORCRESS rate schedule as provided. In response to questions from Commissioner Adams, Mr. Brown explained the change to an administration fee and stated the NORCRESS Advisory Board voted in favor of the changes. Additional questions followed. Ms. Cannon stated the NORCRESS rate increase is needed so the county does not incur a loss but also, so funds can be set aside for future maintenance and equipment on the infrastructure side.

B. CONSIDERATION OF THE OVERHILLS PARK WATER AND SEWER DISTRICT RATE STRUCTURE

BACKGROUND:

Construction of the sanitary sewer system for the Overhills Park Water and Sewer District is almost complete. Currently the contractor is waiting on the arrival of three grinder pumps in order to install grinder pump systems for three (3) parcels that could not be served by gravity connections.

Once the contractor completes the installation, the contractor will be working on punch list items to close out the contract.

With completion of the construction near, the Public Utilities Division needs a rate schedule approved in order to bill customers once the sewer system is ready to go online and prior to customers connecting to the system.

The Overhills Park Water and Sewer District Rate Schedule was provided. The Sewer Rate section of the schedule is based on repayment of the USDA loans, operation, maintenance and sewer treatment charges. The Other Fees section of the schedule is the same as rates charged in other County districts. The monthly bill for an Overhills customer connected to the system will be \$54.00 per month.

The rate schedule will be effective upon Board approval.

RECOMMENDATION/PROPOSED ACTION:

The Engineering and Infrastructure Director and County Management recommend that the Finance Committee approve the rate structure for Overhills Park and place the item on the agendas of the May 21, 2018 Board of Commissioners and the Overhills Park Water and Sewer District meetings for approval.

OVERHILLS PARK WATER AND SEWER DISTRICT

SEWER RATE SCHEDULE

The monthly rate shall be the sum of the Availability Fee, Operation and Maintenance Fee, Administration Fee, and Flat Rate Sewer.

Availability Fee – All customers (As referenced in the Cumberland County Water and Sewer Ordinance)	\$17.00
Operation and Maintenance Fee – All customers	\$10.50
Administration Fee – All customers	\$ 2.00
Flat Rate Sanitary Sewer – Connected Customers (Based on 5,000 gallons or 5 mgal)	\$24.50

OTHER FEES

Deposit	\$100.00
Late Penalty	\$10.00
Processing Fee per Collection Action	\$30.00
Administrative Filing Fee per Collection Action	\$100.00

Disconnect Fee (Administrative charge to discontinue service for non-payment)	\$25.00
Reconnect Fee- Business hours (Administrative charge to re-establish service after discontinuance for non-payment)	\$25.00
After-Hours Reconnect Fee (Available until 9:00 pm)	\$75.00
Court Costs	Actual
*Returned Bank Item Fee (Amount of bank item plus return fee - CASH, MONEY ORDER OR CERTIFIED CHECK ONLY)	\$25.00

CONNECTION FEES AND CHARGES

1. Sewer Laterals:

An estimate shall be given to the applicant prior to installation and shall be paid by the applicant prior to any installation of laterals to be connected to the sewer system. All charges include labor, equipment and materials required for the installation of the specified pipe size or sizes.

2. Main Extension Charges:

An estimate shall be given to the applicant prior to installation and shall be paid by the applicant prior to extending the main in the sewer district. All charges include labor, equipment and materials required for the installation of the specified pipe size or sizes.

Mr. Brown reviewed the background information recorded above and the rate structure for Overhills Park Water and Sewer District. Mr. Brown stated the availability fee of \$17 goes to debt service, the \$10.50 operation and maintenance fee covers costs to the county and Town of Spring Lake, the \$2.00 administration fee is consistent with all water and sewer districts throughout the county, and a flat rate sanitary sewer fee of \$24.50 because the county cannot determine the consumption of water utilized. Mr. Brown stated the nonconnected monthly fee is \$29.50 and \$54.00 for connected customers.

MOTION: Commissioner Faircloth moved to set the rate increase for NORCRESS as presented and the rate structure for Overhills Park Water and Sewer District.

SECOND: Commissioner Adams

VOTE: UNANIMOUS (3-0)

6. CONSIDERATION OF CONTRACT FOR SERVICES IN SUPPORT OF THE HOMELESS INITIATIVE PROGRAM AND ASSOCIATED BUDGET REVISION

BACKGROUND

Cumberland County and the City of Fayetteville entered into an Interlocal Agreement to address homelessness in October 2017. In the agreement, both parties agreed on joint funding for homeless initiatives and the formation of a Homeless Committee to coordinate and develop strategies to address homelessness through community-wide programs and services. The Homeless Committee consists of the following individuals:

- Larry Lancaster, Cumberland County Commissioner Chair
- Larry Wright, Fayetteville City Council Member
- Duane Holder, Cumberland County Assistant County Manager (Co-Chair)
- Jay Reinstein, Fayetteville Assistant City Manager (Co-Chair)
- Sally Shutt, Cumberland County Assistant County Manager
- Cynthia Blot, Fayetteville Economic & Community Development Director
- Dee Taylor, Cumberland County Community Development Interim Director
- Catrina Valadez, Cumberland County Community Development Data Analyst
- Paul Taylor, Chair, Fayetteville/Cumberland County Continuum of Care on Homelessness

For FY 17-18, the County budgeted \$150,000 for the Homeless Initiative Program, which included \$100,000 in County funds and \$50,000 in City of Fayetteville funds. The City of Fayetteville has increased their contribution by an additional \$50,000 to bring their total amount to \$100,000. A budget revision is requested to recognize the additional \$50,000 contribution from the City of Fayetteville. No additional County funds are required.

The Homeless Committee released the Homeless Initiative Program Request for Proposals (RFP) on March 12, 2018 with an April 6, 2018 response deadline. The purpose of the program is to provide additional support in the community that will address the gaps in housing and supportive services for homeless persons and those persons at-risk of being homeless.

Four (4) agencies responded to the RFP. At the April 23rd Homeless Committee Meeting, the committee voted to recommend award of the contract for services to Endeavors, Inc. (formerly Family Endeavors). The multi-year contract will total \$200,000, beginning on June 1, 2018 and ending June 30, 2020. Periodic performance reviews will occur during the contract period to determine the continuation of funding. The Homeless Committee will monitor program performance and outcomes and make recommendations to the Commissioners and City Council based on results.

RECOMMENDATION/PROPOSED ACTION:

1. Approve Budget Ordinance Amendment #B181070 to recognize an increase of \$50,000 from the City of Fayetteville for the Homeless Initiative Program. Total Program funding will increase from \$150,000 to \$200,000. No additional County funds are required.
2. Approve a contract between Cumberland County and Endeavors, Inc. in the amount of \$200,000 for the provision of homeless services and supports, pursuant to the terms of the Homeless Initiative Program RFP. The contract term will be June 1, 2018 to June 30, 2020.

DRAFT
SUBRECIPIENT AGREEMENT BETWEEN
COUNTY OF CUMBERLAND
COMMUNITY DEVELOPMENT DEPARTMENT
AND
ENDEAVORS
FOR
HOMELESS INITIATIVE PROGRAM

THIS AGREEMENT, entered into this 1st day of June 2018, by and between the County of Cumberland (hereinafter called the “County”), a body politic and corporate of the State of North Carolina and Endeavors, Inc. (hereinafter called the “Sub recipient”), with an office located at 535 Bandera Road, San Antonio, Texas 78228.

WHEREAS, the County of Cumberland and the City of Fayetteville entered into an interlocal agreement with the desire to fund programs and services to address homelessness; and

WHEREAS, the Sub recipient has received an award of \$200,000 in Homeless Initiative funds to assist in using such funds to provide housing stabilization assistance to homeless individuals and families; and

WHEREAS, the Subrecipient is a duly organized nonprofit and is an eligible Sub recipient of Homeless Initiative funds; and

NOW, THEREFORE, the parties agree that:

I. SCOPE OF SERVICES

A. ACTIVITIES/PRINCIPAL TASKS

The Sub recipient will provide services under the Homeless Initiative Program in a manner satisfactory to the County and consistent with any standards required as a condition of providing these funds. Such services will include the following activities eligible under the Homeless Initiative Program:

1. **Program Delivery** The Sub recipient will provide the following activities for individuals and families who are experiencing homelessness as a part of the Homeless Initiative Program:

Activity #1 Housing Stabilization – The Sub recipient will provide housing stabilization assistance to assist homeless individuals and families in obtaining and/or maintaining stable permanent housing through financial assistance and services.

2. **General Administration.** The following general administration activities are necessary to provide the activities described in Paragraph I.A.1 of this Agreement.

Activity #1 Payment of Expenses: The County will make all payments for eligible housing stabilization expenses related to the Homeless Initiative Program. The reimbursement of eligible

expenses will be based on the receipt of the appropriate source documentation from the Sub recipient.

Activity #2 Collection of Documents for Payment: The Sub recipient will collect all necessary source documentation to substantiate all expenditures and enter the client data into the Homeless Management Information System prior to submission to the County for payment. The Sub recipient will submit all requests for payment with a cover memorandum and the following source documentation:

- o **Payroll Expenses:** All requests for payment of eligible payroll expenses will include a copy of a timesheet (in the format specified by the County) and a work progress report to correspond to the hours submitted for payment and copy of payroll ledger for proof of payment.
- o **Other Expenses:** All requests for payment of eligible housing stabilization expenses will include a copy of a dated invoice, a copy of receipt for the expenditure for proof of payment; copy of financial ledgers or copies of cancelled checks.

Activity #3 The Sub recipient will conduct generally accepted accounting procedures to ensure compliance and tracking of all funds received and disbursed by the Sub recipient.

B. PURPOSE AND ELIGIBLE ACTIVITIES

The Sub recipient certifies that the activities carried out with funds provided under this agreement will also comply with the purpose and eligible activities identified in the Homeless Initiative guidelines.

C. LEVELS OF ACCOMPLISHMENT

In addition to the normal administrative services required as part of this Agreement, the Sub recipient agrees to provide the following levels of program services as listed on Exhibit 1. Unless amended by mutual written agreement by the Sub recipient and the County, the Sub recipient will perform the described activities in conformance with the Goals and Objectives outlined in Exhibit 1.

D. STAFFING

The Sub recipient will assign staff as Key Personnel relative to its provision of services to the homeless.

E. PERFORMANCE MONITORING

The County will monitor the performance of the Sub recipient against goals and performance standards required herein. Substandard performance as determined by the County will constitute non-compliance with this Agreement. If action to correct such substandard performance is not taken by the Subrecipient within thirty (30) days after being notified by the County, contract suspension procedures will be initiated.

II. TIME OF PERFORMANCE

Services of the Sub recipient will begin on the 1st day of June, 2018, and end on the 30th day of June, 2020.

III. BUDGET: FUNDING SOURCE – HOMELESS INITIATIVE

The program budget is in accordance with the Homeless Initiative Agreement and the funds shall be allocated to the following eligible activities – housing stabilization for a total of Homeless Initiative funding not to exceed \$200,000. Amendments to the budget must be approved in writing.

IV. METHOD OF COMPENSATION/PAYMENT SCHEDULE

The parties agree that the total amount of Homeless Initiative funds to be paid by the County to the Sub recipient under this contract will not exceed \$200,000. All payments will be made on a reimbursement basis consistent with Paragraph I.A.2 of this Agreement.

V. NOTICES

Communication and details concerning this contract will be directed to the following contract representatives:

COUNTY

Delores Taylor, Interim Director
Cumberland County Community Development
P. O. Box 1829, 707 Executive Place
Fayetteville, NC 28302
(910) 323-6112
FAX #: (910) 323-6114

SUBRECIPIENT

Travis Pearson, MABC, LPC
President & Chief Executive Director Endeavors, Inc.
535 Bandera Road
San Antonio, TX 78228
(201) 431-6466
FAX #: (210) 431-6442

VI. SPECIAL CONDITIONS:

A. Submission of Pay Requests - The Sub recipient will submit payment requests to the County at least once per month. The Sub recipient will submit a request for payment evidencing said expenses with adequate supporting documentation as required by the County.

B. Continuum of Care Participation - The Sub recipient is responsible for participating in the local Continuum of Care to ensure adequate representation in the local continuum of care network.

C. Annual Audit - The Sub recipient will conduct an annual audit of the program and provide a copy to the County for each year of the contract period.

VII. GENERAL CONDITIONS

A. GENERAL COMPLIANCE

The Sub recipient will carry out each activity required by this Agreement. The Subrecipient further agrees to use funds available under this Agreement to supplement rather than to supplant funds otherwise available.

B. INDEPENDENT CONTRACTOR

Nothing contained in this Agreement is intended or will be construed to create or establish the relationship of employer/employee between the parties. The Sub recipient will at all times remain an "Independent Contractor" with respect to the services to be performed under this Agreement. The County will be exempt from payment of all Unemployment Compensation, FICA, retirement,

life and/or medical insurance and Workers' Compensation Insurance as the Subrecipient is an independent contractor.

C. HOLD HARMLESS

The Sub recipient will hold harmless, defend and indemnify the County from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the Subrecipient's performance or nonperformance of the services or subject matter called for in this Agreement.

D. WORKERS' COMPENSATION

The Sub recipient will provide Workers' Compensation Insurance coverage for all of its employees involved in the performance of this contract.

E. INSURANCE AND BONDING

The Sub recipient will carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud, and/or undue physical damage, and as a minimum will purchase a blanket fidelity bond covering all employees in an amount equal to cash advances from the County, if applicable. The Sub recipient will also list the County as an additional insured. The Sub recipient will cause the insurer to provide the County with certification of insurance. Insurer will also provide the County notice of cancellation at least fifteen (15) days prior to cancellation. The Sub recipient will comply with the bonding and insurance requirements in 24 CFR Part 84, Bonding and Insurance.

F. DEBARRED / SUSPENDED

The Sub recipient must not make any award or permit any award (sub grant or contract) at any tier to any party that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs subject to 2 CFR part 2424. The requirement set forth in 24 CFR Part 5 apply to this program.

G. GRANTOR RECOGNITION

The Sub recipient will ensure recognition of the role of the grantor agency in providing services through this contract. All activities, facilities and items used pursuant to this contract will be prominently labeled to indicate the County Homeless Initiative Program as a funding source. In addition, the Sub recipient will include a reference to the support provided herein in all publications made possible with funds made available under this contract.

H. AMENDMENTS

The County or Sub recipient may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of both organizations. Such amendments will not invalidate this Agreement, nor relieve or release the County or Sub recipient from its obligations under this Agreement. The County may, at its discretion, amend this Agreement to conform with Federal, State or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the Scope of Services, or schedule of activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both County and Sub recipient.

I. SUSPENSION OR TERMINATION

Either party may terminate this contract by giving written notice to the other party of such termination at least thirty (30) days before the effective date of such termination and specifying the effective date thereof. Partial terminations of the Scope of Service in Paragraph I.A. above may only be undertaken with the prior approval of the County. If this Agreement is terminated for convenience, all finished or unfinished documents, data, studies, surveys, maps, models, photographs, reports or other materials prepared by the Sub recipient under this Agreement shall, at the option of the County, become the property of the Grantee, and the Sub recipient shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents or materials prior to the termination. The County may also suspend or terminate this Agreement, in whole or in part, if the Sub recipient materially fails to comply with any term of this Agreement, or with any of the rules, regulations or provisions referred to herein; and the County may declare the Sub recipient ineligible for any further participation in the County's contracts, as stated in the Monitoring Policy of the County, in addition to other remedies as provided by law. If there is probable cause to believe the Sub recipient is in noncompliance with any applicable rules or regulations, the County may withhold all or any portion of said contract funds until such time as the Sub recipient is found to be in compliance by the County, or is otherwise adjudicated to be in compliance.

VIII. ADMINISTRATIVE REQUIREMENTS

A. DOCUMENTATION AND RECORD-KEEPING

1. Records to be Maintained

The Sub recipient will establish and maintain sufficient records to complete the required reports for client level data in HMIS and other reports as supplied by the State through the U.S. Department of Housing and Urban Development. The Sub recipient will submit program data sufficient to complete the annual report to the County within 30 days after the end of each program year, as determined by the County. The Sub recipient will also maintain all records that are pertinent to the activities to be funded under this Agreement. Such records will include, but not be limited to:

- a. Records providing a full description of each activity undertaken;
- b. Records demonstrating that each activity undertaken meets the purpose and eligible activities of the Homeless Initiative Program;
- c. Records required to determine the eligibility of activities;
- d. Records documenting compliance with the Fair Housing and Equal Opportunity; and
- e. Financial records as required in 24 CFR Part 84;

2. Retention

The Sub recipient will retain all records pertinent to expenditures incurred under this contract for a period of five (5) years after the termination of all activities funded under this Agreement. Records for non-expendable property acquired with funds under this contract will be retained for five (5) years after final disposition of such property. Records for any displaced person must be kept for five (5) years after he/she has received final payment. Notwithstanding the above, if there is litigation, claim(s), audit(s), negotiation(s) or other actions that involve any of the records cited and that have started before the expiration of the five (5) periods, then such records must be retained until completion of the actions and resolution of all issues.

3. Client Data

The Sub recipient will maintain client data demonstrating client eligibility for services provided by completing verification of eligibility for each potential client; accurate and timely reporting of data in the HMIS system. Such data will include, but not be limited to, client name, address, income level, or other basis for determining eligibility, and description of service provided. Such information will be made available to County's monitors or its designees for review upon request.

4. Disclosure

Client information collected under this contract is confidential and the use or disclosure of such information, when not directly connected with the administration of the County's or Sub recipient's responsibilities with respect to services provided under this contract, is prohibited unless written consent is obtained from such persons receiving service and, in the case of a minor, from a responsible parent/guardian.

5. Close-Outs

The Sub recipient's obligation to the County will not end until all close-out requirements are completed. Activities during this close-out period will include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balance, and accounts receivable to the County), and determining the custodianship of records.

6. Audits and Inspections

The Sub recipient agrees to have an annual agency audit conducted in accordance with OMB Circular A-133. If the Subrecipient does not meet the threshold requirements for an annual audit in accordance with OMB Circular A-133 standards, the Sub recipient will have an annual audit conducted by an independent certified public accountant in accordance with generally accepted government auditing standards (GAGAS). All Sub recipient records with respect to any matters covered by this Agreement will be made available to the County, grantor agency, its designees or the Federal Government, at any time during normal business hours, as often as the County or grantor agency deems necessary, to audit, examine and make excerpts or transcripts of all relevant data. The County will send written notice of any deficiencies to the Sub recipient within fifteen (15) days following audit/monitoring. Any deficiencies noted in monitoring reports must be fully cleared by the Sub recipient within thirty (30) days after receipt by the Sub recipient. Failure of the Sub recipient to comply with the above monitoring requirements will constitute a violation of this contract and may result in the withholding of future payments.

B. REPORTING AND PAYMENT PROCEDURES

1. Indirect Costs

If indirect costs are charged, the Sub recipient will develop an indirect cost allocation plan for determining the appropriate Sub recipient's share of administrative costs and will submit such plan to the County for approval, in a form specified by the County.

2. Payment Procedures

The County will pay to the Sub recipient funds available under this contract based upon information submitted by the Sub recipient and consistent with any approved budget and County policy concerning payments. With the exception of certain advances, payments will be made for eligible expenses actually incurred by the Sub recipient, and not to exceed actual cash requirements. Payments will be adjusted by the County in accordance with advance fund and program income balances available in Sub recipient accounts. In addition, the County reserves the right to allocate funds available under this contract for costs incurred by the County on behalf of the Sub recipient.

3. Progress Reports

The Sub recipient will submit regular Progress Reports to the County in the form, content, and frequency as required by the County. If the Sub recipient is more than 30 days delinquent in submitting its progress reports, the County will discontinue processing all requests for payment until such time as the delinquent reports are received.

IX. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of this Agreement will not be affected thereby and all other parts of this Agreement will nevertheless be in full force and effect.

X. NON-APPROPRIATION CLAUSE

If appropriations of money to conduct and administer the presently scheduled program are lawfully reduced or terminated, or it is deemed in the public interest and necessity for the health, safety, or welfare of the public to so reduce or terminate this scheduled program, the County, at its option, has the right to terminate this Agreement effective upon the end of the fiscal year. The County will give the Sub recipient written notice of termination under the provisions of this paragraph immediately upon receipt of actual notice by the County of a reduction or termination of appropriations of money for the scheduled program, or any other necessity to reduce or terminate the program. Following the effective date of such termination the County will have no further obligation to make any payments; the County will have no right to recover any payments heretofore paid which were due and payable prior to the effective date of such termination.

XI. IRAN DIVESTMENT ACT CERTIFICATION

Contractor hereby certifies that Contractor, and all subcontractors, are not on the Iran Final Divestment List ("List") created by the North Carolina State Treasurer pursuant to N.C.G.S. 147-86.55-69. Contractor shall not utilize any subcontractor that is identified on the List.

XII. E-VERIFY

Contractor shall comply with the requirements of Article 2 of Chapter 64 of the General Statutes. Further, if Contractor utilizes a subcontractor, Contractor shall require the subcontractor to comply with the requirements of Article 2 of Chapter 64 of the General Statutes.

EXHIBIT 1
Homeless Initiative Program
PROGRAM OBJECTIVES

The projections listed below shall be updated at the end of each program year during the term of this agreement. The Sub recipient shall be responsible for providing the updated projections to the County.

GOALS AND OBJECTIVES

- To provide housing stabilization services to homeless families and individuals
- To serve at least 15 single adult individuals and 20 families (with children) during the term of the contract

Duane Holder, Assistant County Manager, introduced Catrina Valadez, Community Development Data Analyst, and stated the contract being considered is for services to support the homeless population that often fall through the gaps as it relates to the HUD definition of homelessness. Mr. Holder highlighted the background information recorded above and the budget ordinance amendment to recognize the additional \$50,000 contribution from the City of Fayetteville to match the county's \$50,000.

Commissioner Faircloth asked what the contract would do. Mr. Holder responded the contract will work to help those people who are homeless or at eminent risk of becoming homeless to secure stable housing. Mr. Holder stated eligible costs would be rental application fees, security deposits for utilities, moving costs, rent, transportation, rent in arrears for a certain number of months, furniture for startup in apartments or a combination thereof. Mr. Holder stated another purpose of this funding is to prevent those who might slip into the chronic or literal homeless category for which there is no other funding source. In response to a question from Commissioner Adams, Mr. Holder stated this is funding is used as a last resort for those who do not qualify for any other funding.

Commissioner Keefe asked how success will be measured and what the incentive is for Endeavors, Inc. to get people off homelessness if they continue to receive \$200,000 a year. Mr. Holder stated this is one-time funding and the case management component is intended to address issues that caused the homelessness and connect individuals and families to other services and benefits for which they are eligible. In response to another question from Commissioner Keefe, Mr. Holder stated the hope is to impact the literal homeless because there are many different definitions of homelessness.

Commissioner Adams asked how much goes to staffing. Mr. Holder stated 10% of the funding is allocated for case management, 5% for administration with a maximum of \$30,000 to be used for staffing. Additional questions followed.

MOTION: Commissioner Faircloth moved to approve a contract between Cumberland County and Endeavors, Inc. in the amount of \$200,000 for the provision of homeless services and supports, and approve Budget Ordinance Amendment #B181070 to recognize an increase of \$50,000 from the City of Fayetteville for the Homeless Initiative Program.

SECOND: Commissioner Adams

VOTE: UNANIMOUS (3-0)

7. MONTHLY UPDATES

BACKGROUND:

Each month staff provides a monthly update on health insurance, CDBGDR and the financial report. These items are included in the agenda packet for the Committee's information.

RECOMMENDATION/PROPOSED ACTION:

No action needed; however, staff is prepared to answer any questions a committee member may have regarding the information provided.

A. HEALTH INSURANCE

BACKGROUND:

Claims for the March 2018 are down 33% from March 2017 (month to month). To provide some perspective on the claims, below is the 9-month average for the past 5 fiscal years. This average represents the average claims for July – March of each fiscal year.

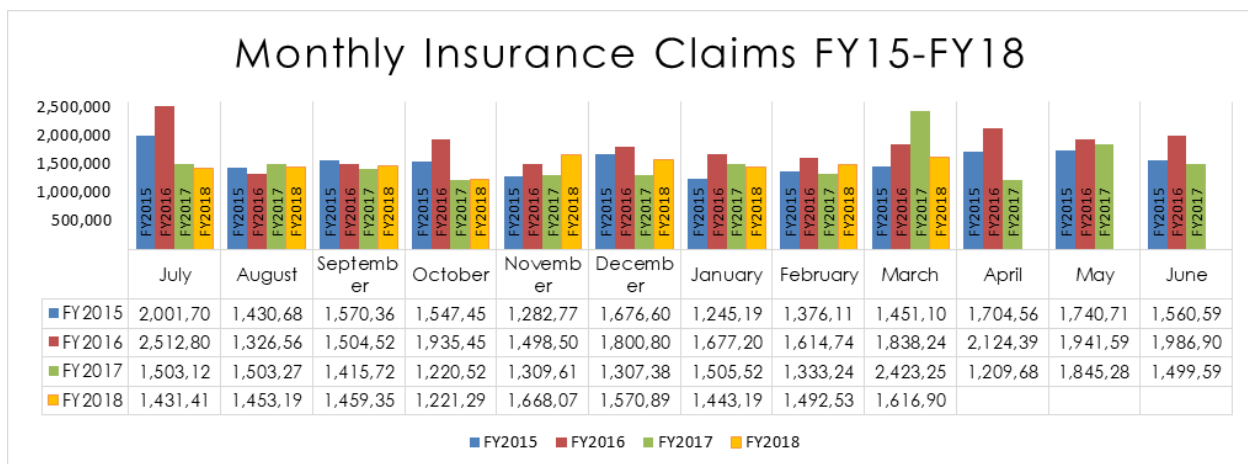
Average claims per fiscal year for July – March:

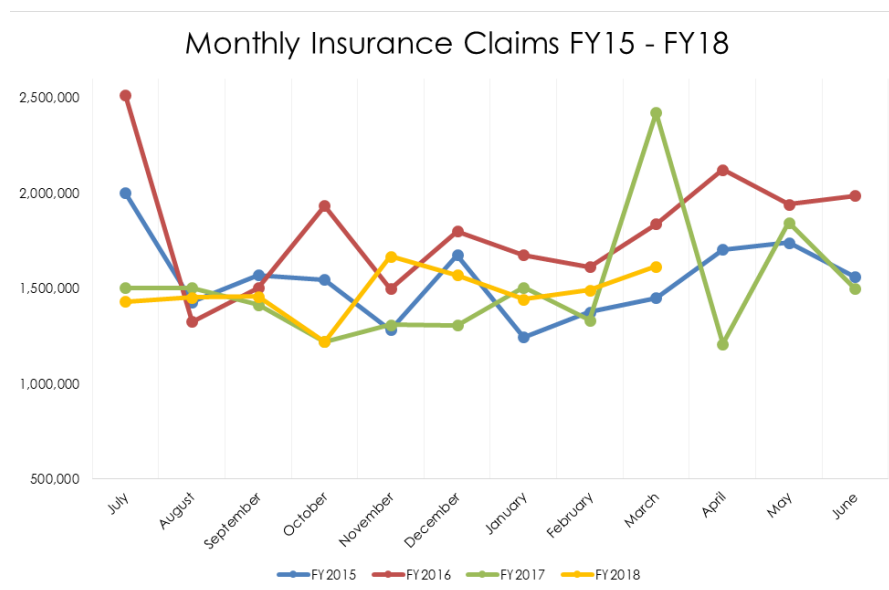
FY13 \$1,247,123
 FY14 \$1,227,005
 FY15 \$1,509,112
 FY16 \$1,745,427
 FY17 \$1,502,409
 FY18 \$1,484,097

The graphs recorded below are provided as an aid to the analysis.

RECOMMENDATION/PROPOSED ACTION:

No action needed – for information only.





B. CDBG-DR

BACKGROUND

The Community Development Block Grant – Disaster Recovery (CDBG-DR) program has been passed down from the federal government to the state government and is being administered locally by Cumberland County as the lead entity with a separate agreement in place with the State of North Carolina and the City of Fayetteville. This monthly report shows progress and activities occurring within the program.

RECOMMENDATION/PROPOSED ACTION:

No action is required. This is for information only.

CUMBERLAND COUNTY CDBG-DR PROGRAM UPDATE FOR THE MAY 3, 2018 FINANCE COMMITTEE MEETING

Status as of April 23, 2018:

Total Applications	Application Intake (Step 1)	State Eligibility Check (Step 2)	State Duplication of Benefits Check (Step 3)	Does Not Meet Eligibility Requirement
223	127	36	51	9
Inspection & Environmental Review (Step 4)	Grant Determination (Step 5)	Contractor Selection (Step 6)	Construction (Step 7)	Completion (Step 8)

17	0	0	0	0

Steps 2-3 performed by State; Steps 1, 4-8 performed by County/City

Milestones/Activities:

- Request for Project Management Proposal – due May 18, 2018
- Ongoing– County will process applications, incomplete applications and submit for review; State will determine eligibility; County and City will initiate inspections and environmental review processes;
- County CD Rehab staff will initiate environmental review and site inspection on 12 properties that are in the Step 3 DOB status the week of April 23;
- City CD staff will initiate environmental review and site inspections the week of April 23 on 5-6 properties identified by State for expediting reimbursement processing by May 1.

Current Staffing:

- State: No further on-site staffing; (1) County Liaison from NC Dept of Public Safety
- Cumberland County:
 - Sylvia McLean, P.T. Community Development (CD) Consultant; Terrinique Washington, Admin Support Specialist;
 - Temporary Staff: Interviews completed – Admin Housing Coordinator II; *Hiring within few weeks once HR complete their process-projected April 30*
 - *Interviewing Finance position soon – Admin. Program Officer II*
- City of Fayetteville: On-site staffing as needed to fill-in; Jay Reinstein and Cindy Blot are City representatives/contacts

Hours of Operation:

- Monday – Friday, 9 a.m. to 4 p.m.

C. FINANCIAL REPORTS

BACKGROUND

The financial report is included which shows the fiscal year 2018 March year-to-date budget to actual (cash received/cash paid) comparison. Additional detail has been provided on a separate page explaining any percentages that may appear inconsistent with year-to-date budget expectations.

RECOMMENDATION/PROPOSED ACTION

No action needed – for discussion and information purposes only.

	FY16-17	FY17-18	FY17-18	YTD ACTUAL	PERCENT OF	
REVENUES	AUDITED	ADOPTED BUDGET	REVISED BUDGET	AS OF March 31, 2018	BUDGET TO DATE	*
Ad Valorem Taxes						
Current Year	\$ 156,131,527	\$ 160,312,162	\$ 160,312,162	\$ 160,607,522	100.2%	(1)
Prior Years	1,046,732	1,121,000	1,121,000	918,456	81.9%	
Motor Vehicles	17,683,864	18,070,242	18,070,242	11,780,333	65.2%	(2)
Penalties and Interest	650,368	667,602	667,602	537,962	80.6%	
Other	1,018,563	930,279	930,279	701,090	75.4%	
Total Ad Valorem Taxes	176,531,054	181,101,285	181,101,285	174,545,363	96.4%	
Other Taxes						
Sales	41,517,943	41,760,036	41,760,036	21,031,567	50.4%	(3)
Real Estate Transfer	1,091,362	700,000	700,000	747,378	106.8%	
Other	1,114,408	1,111,500	1,111,500	493,392	44.4%	
Total Other Taxes	43,723,713	43,571,536	43,571,536	22,272,337	51.1%	
Unrestricted & Restricted Intergovernmental Revenues	75,613,483	67,300,253	70,809,215	35,186,835	49.7%	(4)
Charges for Services	13,832,010	12,056,608	12,078,308	8,114,800	67.2%	
Other Sources (includes Transfers In)	8,945,521	6,988,890	7,045,838	6,015,397	85.4%	(5)
Proceeds Refunding Bonds	-	-	23,005,000	23,005,000	100.0%	(6)
Premium on COPS Sold	-	-	4,285,558	4,285,557	100.0%	(6)
County Closing Contribution	-	-	254,736	254,735	100.0%	(6)
Lease Land CFVMC	3,714,637	3,714,637	3,714,637	3,813,452	102.7%	(7)
Total Other	12,660,158	10,703,527	38,305,769	37,374,141	97.6%	
Total Revenue	\$ 322,360,418	\$ 314,733,209	\$ 345,866,113	\$ 277,493,476	80.2%	
Fund Balance Appropriation		8,889,652	9,463,925	-	0.0%	(8)
Total Funding Sources	\$ 322,360,418	\$ 323,622,861	\$ 355,330,038	\$ 277,493,476	78.1%	

Fiscal Year 2018 - March Year-to-Date Actuals	
Additional Detail	
General Fund Revenues	
*	
(1)	Current Year Ad Valorem - Actuals are at 100.2% of budget as of 3/31/18; 97.56% of the levied tax as of 3/31/18.
(2)	Motor Vehicles 65.2% - YTD Actual reflects 8 months of collections. Actuals are just slightly below budget for this reporting period.
(3)	Sales Tax 50.4% - YTD Actual reflects 6 months of collections. Actuals are just slightly above budget for this reporting period.
(4)	Unrestricted/Restricted Intergovernmental Revenues 49.7% - lag in revenue is typically one month.
(5)	Other Sources (includes Transfers In) 85.4% - Rental income makes up majority of actual receipts. The majority of remaining balance is budgeted as a transfer in to fund the Board of Ed debt payment toward year-end.
(6)	Proceeds , Premium, Closing 100% - COPS/LOBS refunding of \$23M closed in August 2017. (Correlates with item (9) on report of expenditures.)
(7)	Lease Land CFVMC 102.7% - paid in full.
(8)	Fund Balance Appropriation 0% - Direct entries are not made to fund balance throughout the fiscal year.
General Fund Expenditures	
**	
(1)	Board of Elections 30.7% - capital purchase budgeted for \$809,045 has not yet been purchased.
(2)	Debt Service 72.1% - large debt payment was made in December
(3)	Youth Diversion 3.19 - expenditures for this program tend to occur later in the fiscal year. Conference scheduled during the month of December.
(4)	Engineering 28.1% - Revised budget reflects \$1.2M addition for stream debris removal grant for which no expenditures have been incurred. A budget revision was done in December to move this grant over to Engineering since they will be completing the projects.
(5)	Economic Physical Development 100% - NC Southeast contribution has been paid in full.
(6)	Industrial Park 3.2% - maintenance at Cedar Creek Industrial Park has not yet been completed.
(7)	Economic Incentive 14.1% - economic incentives are budgeted at 100% of agreements but are not paid unless/until the company complies.
(8)	Water and Sewer 0% - Funds budgeted for Overhills W&S have not yet been expended.
(9)	Transfers Out 4.8% - transfers out typically occur near year-end.
(10)	Refunding of 2009A and 2011B LOBS 100% - refunding of \$23M closed in August 2017. (Correlates with item (6) on report of revenues.)
(11)	Capital Outlay 46.6% - Board of Elections capital equipment and FTCC capital outlay budgeted but not incurred or encumbered makes up the majority of unutilized budget.

The monthly reports recorded above were received as information. No discussion or questions followed.

8. OTHER ITEMS OF BUSINESS

There were no other items of business.

There being no further business, the meeting adjourned at 10:05 a.m.