

CUMBERLAND COUNTY BOARD OF COMMISSIONERS  
MAY 30, 2019 – 7:00 PM  
117 DICK STREET, 1ST FLOOR, ROOM 118  
FY20 BUDGET PRESENTATION  
SPECIAL MEETING MINUTES

PRESENT: Commissioner Glenn Adams  
Commissioner Charles Evans  
Commissioner Jimmy Keefe  
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  
Vicki Evans, Finance Director  
Deborah Shaw, Budget Analyst  
Heather Harris, Budget Analyst  
Darian Cobb, Fellow with NCACC County Manager Fellowship Program  
Jeffrey Brown, Engineering and Infrastructure Director  
Brenda Jackson, Social Services Director  
Jody Risacher, Library Director  
Clyde Locklear, Assoc. Superintendent of Business Operations  
Greg West, Board of Education  
Candice White, Clerk to the Board  
Kellie Beam, Deputy Clerk  
Press

ABSENT: Commissioner Jeannette Council, Chair  
Commissioner Marshall Faircloth, Vice Chairman  
Commissioner Michael Boose

Commissioner Adams called the special meeting to order and stated the purpose of the special meeting is for a presentation of the FY20 recommended budget. Commissioner Adams stated Commissioners Council, Boose and Faircloth were unable to attend. Commissioner Lancaster provided the invocation followed by the Pledge of Allegiance to the American flag.

Commissioner Adams called on Amy Cannon, County Manager, who thanked the Board of Commissioners for the opportunity to present the recommended budget for review and consideration. Ms. Cannon stated the recommended budget is balanced in accordance with the N. C. Local Government Budget and Fiscal Control Act.

Ms. Cannon provided the following overview of the FY20 recommended budget:

- Total expenditures across all funds \$489,722,209
- General fund total \$323,093,230
- Tax rate 79.9 cents per \$100 valuation
- 1 penny on tax rate equals \$2,319,397 in County revenue

Ms. Cannon provided the following outline of her presentation topics:

FY2019 Highlights  
Progress on Current Strategies  
FY2020 Recommended Budget  
Projections  
Expenditure Highlights  
Budget Development Considerations  
Funding Priorities  
New and Continuing Initiatives  
Wrap Up  
Conclusion

Ms. Cannon stated over the last several years, the approach of the Board of Commissioners has been to create long-term sustainability through a path of continuous improvement. Ms. Cannon

reviewed parameters set to guide the long-term process as outlined below and stated the Board has remained committed to this process over the last several years.

#### Parameters

- Maintain solid financial position; honor policies
- Focus on core, mandated services
- Make strategic, data driven decisions
- Continue providing quality services while being fiscally responsible
- Identify operational efficiencies
- Merge decentralized functions

Ms. Cannon reviewed the progress on several key initiatives/current strategies as outlined below to include making data driven decisions, a Business Intelligence Division review of 28 different divisions and 175 different processes, consolidation of technology platforms and elimination of redundant technology, creating a sustainable funding formula and updating a contract for fire service, creation of a long-term sustainable approach to capital planning, a regional training center for fire fighters and emergency service personnel and a four-year sales tax agreement. Ms. Cannon stated the Board of Commissioners has made significant progress on these initiatives and key strategies to achieve sustainability.

#### Progress on Current Strategies

- Performance measurement through KPIs
  - Software and Data Analyst position
  - Ongoing workshops – completed three major departments
- Prioritize business process reviews
  - Analyst reviewed three major departments
  - Discovered efficiencies and alignment
- Merger of County functions
  - Health Department and County Information Technology
- Sustainable fire service funding model
  - PSTF presented recommendations in April 2019
  - Included in FY2020 recommended budget
- Capital Investment Fund (CIF) refinement
  - Board prioritized projects
- Key community partnerships
  - FTCC – Emergency services training center
- Projects under long-term consideration
  - 911 / Emergency operation center
  - Sales tax agreement

Ms. Cannon presented the FY20 recommended budget beginning with an outline of tax projections and a review of sales tax collections as recorded below.

#### FY20 Recommended Budget

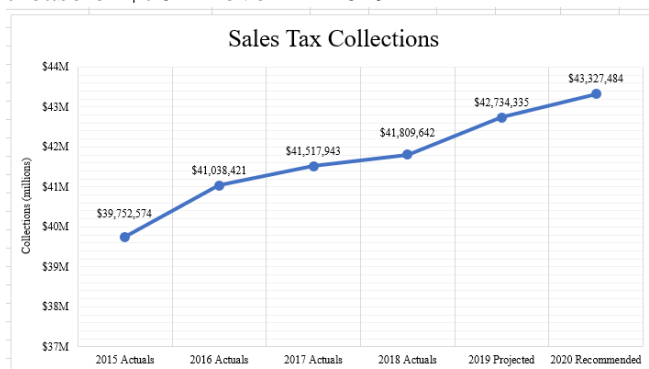
##### Projections

##### Ad Valorem Taxes

- Budgeted at \$165,517,000
  - \$1.7M increase over FY2019
- Motor vehicle collections budgeted at \$19,802,000
  - \$1.4M increase over FY2019

##### Sales Taxes

\$43,327,484 a slight increase of \$701K over FY2019



Ms. Cannon stated the FY20 recommended budget includes the following fund balance appropriation in order to balance the budget.

Fund Balance - Appropriated within policy

- \$8,224,596 for recurring expenses
- No more than 3% of recurring expenditures
- Minimum unassigned goal of 10%

Ms. Cannon reviewed expenditure highlights in the FY20 recommended budget beginning with departmental requests and the funding focus when considering those requests.

Expenditure Highlights

General Fund Requests = \$15,767,244 for one-time or recurring expenses

- 43 new positions
- 78 vehicles
- \$881,353 in capital outlay

Funding focus

- Maintain current service levels and mission
- Allocate based on strategic goals

Ms. Cannon stated development of the recommended budget began with \$8.1 million in unfunded legislative mandates which included the following:

Unfunded Legislative Mandates

Increased employer contribution rate to retirement system

- \$1,190,906 cost to the County
- Further increases in FY21 and FY22 of 1.2%

Juvenile detention subsidy payments

- Juvenile Justice Reinvestment Act becomes effective 12/1/19
- FY20 increase \$267,313 (partial year County share towards implementation to house increased number of 16 and 17-year-olds in the Juvenile Detention facility)

Foster Care Board Expense

- Increase of \$921,051
  - County portion of increase \$414,473
- Substance Affected Infant policy
- Increase in foster children in 18 to 21 age-category
- Increase in “aging out” from 18 to 21

Ms. Cannon reviewed the following funding priorities that guided development of the FY20 recommended budget:

Budget Development Considerations

Funding Priorities

1. Recruitment and Retention
2. Emergency Preparedness
3. Provision of Quality Services
4. Financial Sustainability – directly targeted at other post-employment benefits (OPEB)

Ms. Cannon stated the general fund funding priorities align with the County’s mission, vision and core values and the Board of Commissioners’ strategic goals. Ms. Cannon highlighted the recruitment and retention funding priority as outlined below and stated in FY19, the County documented increasing employee turnover and ongoing challenges with recruitment. Ms. Cannon stated the Board approved funding for an outside assessment to better understand the County’s challenges and to receive recommendations. Ms. Cannon stated the assessment was comprehensive and completed this fiscal year.

General Fund Funding Priorities

Funding Priority – Recruitment and Retention

Outside assessment reviewed:

- Current turnover & retention statistics
- Pay practices
- Workforce dynamics & impact on recruitment

- Compensation study of positions / classifications
- Internal surveys – Department Heads & Employees
- External survey of other counties

Ms. Cannon reviewed findings of the outside assessment related to turnover rate, current pay practices, employee and department head surveys as follows. Ms. Cannon stated it is important to note that Cumberland County is not the only county struggling with recruitment and retention and Cumberland is reviewing what other counties have implemented to address the challenges.

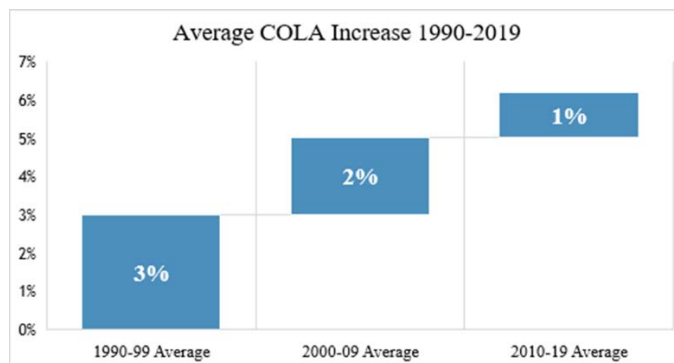
Findings: Turnover Rate

- FY18 Countywide turnover rate remained high at 20%
- Average tenure = 8 years
- 69% of separations occur in first 5 years

Comparable Turnover	
Local Government	2018 Turnover Rate
Cumberland	20%
Fayetteville	13%
Durham	12%
Forsyth	17%
Guilford	12%
New Hanover	12%
Onslow	17%

Findings: Current Pay Practices

- COLAs have not kept pace with CPI, competing employers
  - Adjustments to base salary approved only 5 of 10 years (2010 – 2019)



- Salary Schedule not adjusted consistently resulting in low entry rates
- Promotional policy is limited; restricts employee movement within the range which creates a salary compression issue
- Comparable Market Data Assessment
  - Minimum salary was 10%-44% below the market for 15 of 34 high turnover classifications

Findings: Employee Survey – Top 3 Issues (69% of surveys returned)

- Pay and benefits – most important
- Work/life balance policies needs to be considered
- Consistent application of policies across departments

Findings: Department Head Survey

- Priority – reducing turnover
- Challenges stem from lack of competitive pay and lack of policies that support work/life balance

Ms. Cannon reviewed the consultant’s recommendations based on the key findings related to current pay practices and human resource policies. Ms. Cannon stated due to the funding impact the consultant recommended a three-year implementation for some of the recommendations. Ms. Cannon stated the recommended policy changes support best practices and have been implemented by other counties across the state. Ms. Cannon stated several of the recommendations have been included in the FY20 recommended budget.

Study Recommendations: Current Pay Practices

- Consistently apply COLA annually to recognize inflation and be competitive in the market place
- Review & adjust classifications that are not competitive
- Review & adjust salaries to address inequities based on years of service and unique work considerations (addresses salary compression issue)
- Consider performance-based pay system
- Review county wide structure for delivery of HR services

Study Recommendations: HR Policies

- Work/Life balance policies allowing flexible work schedules
- Tuition assistance
- Training linked to career development, promotions
- Policy review – consistent policy application

Ms. Cannon stated the County began to experience turnover and recruiting challenges in 2016 and that trend has continued. Ms. Cannon stated this was evident in the June 30, 2018 annual audit which documented an underspending of salaries and fringe benefits of \$10 million. Ms. Cannon stated the County is still struggling with recruitment and retention and the belief is that trend will continue at the end of this fiscal year. Ms. Cannon stated because improvement is a multi-year process, the recommendation is to use projected salary and fringe benefit funds that will be unspent in the upcoming fiscal year. Ms. Cannon stated the FY20 recommended budget employs this new strategy or approach. Ms. Cannon reviewed the following.

FY2020 Recommended Strategies

Budget salaries & benefits at 98.5% for some departments

- Addresses unspent salary & benefit dollars
- Departments with >30 positions & documented history of unspent salary funds of 3% to 5%
- 1.5% creates \$1.3M for recruitment & retention strategies without identifying a new revenue source to support the strategies
- 2% COLA effective in July and adjust salary range up by 1% \$2,018,198
- Additional 1% 401k contribution for a 2% total \$ 850,020  
(average county contribution in the range of 3% to 5%/portability makes it a recruiting tool)
- Phase I of market adjustments \$ 578,409
- Tuition Assistance (reimbursement based \$ 50,000  
and tied to specific career development related to county government)

Work Options Program

- Address work/life balance issues
- Flexibility to establish work hours beneficial to both employee and county
  - Compressed work week
  - Staggered work schedules
  - Telecommuting (if appropriate)

*No budgetary impact – improve morale and increase productivity*

Ms. Cannon stated the second funding priority is providing quality service while being fiscally responsible. Ms. Cannon reviewed the 19 new positions being recommended at a cost of \$809,215 as follows.

Funding Priority – New Positions

Provision of quality services while being fiscally responsible

- Departments requested 43 positions = \$2.4M
- 19 positions recommended = \$809,215
  - Provide efficiency & cost savings or ability to meet volume
  - Fill gaps in service delivery

Administration

- Budget and Management Analyst = \$78,384
- Current workloads plus integration of KPI in budget process to drive data-based decisions
- Staffing levels in comparable counties are significantly higher with 5-6 analysts vs. 2 in Cumberland

#### Animal Control

- Veterinary Health Care Technician = \$47,703
- Further enhancement of shelter operations
  - Ensuring quality veterinary care, disease control
  - Increase animal adoptability
  - Public education
  - Cost reduction with more minor surgical procedures in-house

#### Human Resources

- Current 32-hr/week employee retires in December 2019
- Add FT position to maintain Classification & Compensation System = \$112,112
- Allows for cross training
- Adjusting salaries / positions for market competitiveness is complex
- FY21 budget will abolish the 32 hour/week position

#### Public Health

- 1 Environmental Health Specialist in Onsite Wastewater Section = \$56,145 (recommended because of high customer volume, inability to respond as quickly as desired to customer requests for inspections and complaint follow up; staffing level low compared to other counties of similar size)
- 3 school health nurses = \$163,373
  - Board of Public Health requested 8 additional nurses
  - Ongoing goal to reduce nurse to student ratio
  - Improves nurse to student ratio - 1:1,599
  - 7 school health nurses added in FY2019

#### Sheriff's Office

- Add 2 detectives - Youth Services = \$125,390 (needed to manage anticipated increase in juvenile caseload due to Raise the Age initiative)

#### Social Services

- 6 income maintenance positions = \$268,866
  - Crisis Intervention Program / Low Income Energy Assistance (DSS administering these programs beginning July 1)
  - Federally funded
- Create 1 FT position; abolish 2 PT = net cost \$25,000
  - CARE Domestic Violence Shelter
  - Reduce overtime costs

#### Emergency Preparedness / Emergency Services

- Emergency Management Planner I = \$62,515
  - Manage ongoing recovery efforts
- 911 quality assurance – 2 positions = \$118,780 (1 position currently)

Ms. Cannon stated the third funding priority is financial sustainability specifically related to Other Post-Employment Benefits. Ms. Cannon reviewed the following and stated OPEB liability represents the future cost of benefits provided to retirees and the calculated OPEB can be significant and have a direct impact on the County's bond rating.

#### Funding Priority / Financial Sustainability

##### Other Post-Employment Benefits (OPEB)

- Benefits provided to retirees by state and local governments
- State treasurer and LGC addressing OPEB liability
- Direct impact on bond rating
- LGC recommends establishing irrevocable trust
- FY20 budget includes two strategies to address liability
- Post-65 retirees moved to a fully insured plan
- Impact: 40% (\$119M) reduction in OPEB liability
- Reduction recognized in FY2019 financial report
- Recommend establishing irrevocable trust
- FY2020 budget includes initial contribution of \$1M
- Funded from Group Health Insurance fund balance

Ms. Cannon reviewed other key items in the FY recommended budget as follows.

Funding Priority – Other Items

Education - Cumberland County Schools

- School Board requested \$89,041,982
- FY 2020 Recommendation: \$80,150,000 (same appropriation as FY 2019)
- Funding agreement expired June 30, 2018 (agreement provided systematic methodology for appropriating funds to the school system; benefit to both entities’ ability to predict future funding based on a funding mechanism)
- Staff recommendation of a funding formula to both boards during November 2019

Education - Fayetteville Technical Community College

- Requested \$12,440,612 (\$704,712 increase from FY2019)
- FY2020 Recommendation: \$12,184,126

Vehicles

- 78 requested at \$5,352,250
- 15 recommended at \$878,150
  - Sheriff’s Office, Animal Control, Information Services, Soil and Water and Detention Center

Community Agency Funding

- \$486,042
- No recommended increases in funding

Ms. Cannon referenced the successful combining of the County’s IT functions with the Health Department’s IT functions and stated the next step is combining the decentralized County functions of five employees in the Library’s Community Relations Division with the core County Public Information Department. Ms. Cannon stated this will create a consolidated communications and engagement team and will enhance performance by expanding the communications platform and the County’s multi-media content. Ms. Cannon stated the consolidation will ensure standardization, consistent messaging and countywide branding and it will also leverage resources for emergency event coverage and community engagement. Ms. Cannon stated this nine-member team is similar in size to the City of Fayetteville’s seven-member Corporate Communications Team. Ms. Cannon stated this ends the discussion of the General Fund.

Ms. Cannon began the discussion of separate or other funds and reviewed the following.

Other Funds – New Positions

Community Transportation

- Expand PT position to FT - \$20,401
- Covered by administrative funds provided by the state

Employee Pharmacy

- Establish PT Pharmacist position (30 hrs/wk) - \$117,677
- Once filled, contracted costs reduced

Other Funds – Capital Investment Fund (funds moved from General Fund to CIF)

Category	Recommended FY2020
FTCC Capital	\$ 337,274
Maintenance and Repairs	627,400
Information Technology	952,100
Capital Improvement Plan	3,175,000
Preliminary Capital	1,050,000
Debt Service	13,665,155
Future Projects	5,064,454
<b>Total Expenditures</b>	<b>\$ 24,871,383</b>

Other Funds – Group Homes

Social Services Group Homes

- Funding reduction required additional \$146,927
- Need comprehensive review of youth residential services
- Recognize specific community needs
- Identify gaps in service delivery
- Develop strategies to address unmet needs to bring back to the Board in FY20

### Other Funds – Fire Service

(includes recommendations presented by the Public Safety Task Force in April 2019)

#### Volunteer Fire Departments

- Reduce the rural fire district tax from \$0.10 to zero
- Utilize the special fire district as the mechanism for generating fire tax funding
- Establish the special district rate at \$0.15, an increase of \$0.0375
- Baseline funding for all districts set at \$0.10
- Continue funding formula for low-wealth districts for \$0.0125
- All remaining funds will be distributed to all volunteer fire departments through supplements, incentives and grants

#### Volunteer Fire Department Contracts

- Board reactivated the Public Safety Task Force
  - Sustainable funding mechanism
  - Updated contract between County and the fire departments
- PSTF approved updated contract in April
- No agreement on proposed County contract
- Implementation of new funding mechanism contingent upon agreement with the contract (current contract does not support the structure of the new funding formula)

### Other Funds – Solid Waste

#### Capital Outlay for Equipment - \$2,028,500

- Ann Street and Wilkes Road
- Create operational efficiency
- Reduce cost of maintaining older equipment

Ms. Cannon reviewed new and continuing initiatives and the recommendations as follows.

### New and Continuing Initiatives

#### Fleet Management Review (recommended)

- Assessment of operations to be completed in FY2020

#### Animal Control Ordinance (recommended)

- Review of ordinance
- Evaluate Pet Licensing

#### Merge additional decentralized county functions (recommended)

- Human Resource functions
- Information Technology functions housed at DSS and the Public Library

#### Document Management System (ongoing)

- Roll-out Laserfiche
  - Minimize use and cost of paper storage
  - Digital access to data
  - Easily share information across departments
  - Automate processes through workflow environment

#### Application Modernization (ongoing)

- Tax Administration (go live December 2019)
- Land Management Software in Planning & Inspections (go live December 2020)

Ms. Cannon concluded her presentation of the FY20 recommended budget and stated staff look forward to working with the Board of Commissioners to develop their adopted budget. Ms. Cannon stated the goal in preparing the recommended budget was to support and advance the Board of Commissioners' strategic goals and continue the initiatives to sustain financial stability. Ms. Cannon acknowledged the county's dedicated workforce and their service to citizens. Ms. Cannon also thanked the county's leadership staff and those involved in preparing the FY20 recommended budget. Ms. Cannon recognized members of the budget team.

Ms. Cannon reviewed the previously adopted budget meeting schedule and stated the FY20 recommended budget is available on the county's website.

Commissioner Adams provided closing remarks.



MOTION: Commissioner Evans moved to adjourn.  
SECOND: Commissioner Lancaster  
VOTE: UNANIMOUS (4-0)

There being no further business, the meeting adjourned at 7:50 p.m.

Approved with/without revision:

Respectfully submitted,

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Candice H. White  
Clerk to the Board