A Performance Audit of Lee County Government

FINAL REPORT

Evergreen Solutions, LLC

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Submitted by:

Evergreen Solutions, LLC
2852 Remington Green Circle, Suite 101
Tallahassee, Florida 32308

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

In October 2011, Evergreen Solutions contracted with the Lee County Board of County Commissioners to conduct a comprehensive Performance Audit of Lee County Government. The project focused on the organizational, operational, and financial efficiency and effectiveness of Lee County government operations. In February 2012, the study was concluded after submission of the final report to Lee County.

Lee County is located in central North Carolina and has approximately 57,866 residents. Since 2000, the County has experienced a significant growth in population of approximately 18 percent. During the 2011-12 fiscal year, the County operated on a budget of approximately $62.7 million.

METHODOLOGY

Evergreen Solutions methodology for conducting the performance audit consisted of two distinct phases – Phase I (project initiation and diagnostic review) and Phase II (in-depth analysis and reporting). The two phases included the following components:

Phase I

- initiating the project;
- collecting and reviewing existing reports and data sources; and
- conducting a diagnostic review, including interviews with County leaders, Board of County Commission members, and department heads. In addition, a website link was created for public input.

Phase II

- conducting analyses, determining operational requirements, and benchmarking with comparison counties and best practice research;
- conducting the formal in-depth audit in Lee County with a team of nine Evergreen consultants;
- conducting a gap analysis and formulating findings and recommendations; and
- preparing the draft and final reports.

Project Initiation

Project initiation included the initial step of developing a comprehensive understanding of Lee County operations, including all departments and functional areas. Working with Lee County managers, Evergreen finalized the project time line, work plan, and deliverables during this task.

In addition, key projects stakeholders were identified and contact information was provided to Evergreen to establish effective lines of communication to be used throughout the project.

Review of Existing Reports and Data Sources

Initially, Evergreen consultants collected existing reports and data sources that provided the team with recent information related to the various administrative functions and operations to be reviewed in the County. Examples include, but are not limited to the following:

- policies and administrative procedures;
- organizational charts and flow charts of work processes in each department;
- program and compliance reports;
- strategic and departmental plans;
- mission, vision, goals, objectives and performance standards;
- annual performance reports;
- independent financial audits;
- annual budget and expenditure reports;
- job descriptions;
- work load and workload trend information;
- staffing data;
- salary schedules;
- technology data; and
- employee handbook.

Data were analyzed from each of these sources and others, and the information was used as a starting point for collecting additional data during the on-site visit.

Diagnostic Review

The diagnostic review of Lee County was conducted during the week of November 14, 2011. Evergreen consultants interviewed Commissioners members, County leaders, department heads, employees, and community leaders concerning the management and operations of Lee County. This step allowed Evergreen consultants to develop initial profiles of each Lee County Government operation and identify areas for more in-depth review.

In-Depth Review

A team of nine consultants conducted the formal on-site review of Lee County's operations during the week of December 4, 2011. As part of the on-site review, the following systems and operations were examined as required in the RFP:

- Administrative and Organizational Leadership
- Financial Management and Purchasing
- Human Resources
- Technology
- Public Safety

- Health Department
- Social Services Department
- Public Utilities
- Tax Administration
- Other Departments

It is important to note that the areas reviewed in the in-depth performance audit were based on the diagnostic review, which sought to determine which Lee County departments were the most in need of an extensive analysis.

Prior to conducting the on-site review, each Evergreen team member was provided with an extensive set of information about Lee County operations. During the on-site work, team members conducted a detailed audit of the structure and operations in their assigned functional areas.

COMPARISON COUNTIES

For the purpose of comparative analysis, Evergreen, in collaboration with senior managers and selected Commissioners, identified a group of seven counties that possess similar demographic characteristics to Lee County. Preliminary analysis examined these peer counties to determine points of comparison, best practices, and operational needs for Lee County.

The North Carolina counties chosen for this peer analysis were:

- Chatham County
- Franklin County
- Granville County
- Harnett County
- Rutherford County
- Stanly County
- Surry County

OVERVIEW OF THE REPORT

The final report for this study consists of the following 13 chapters:

- Chapter 1: Introduction
- Chapter 2: Administrative and Organizational Leadership
- Chapter 3: Financial Management and Purchasing
- Chapter 4: Human Resources Management
- Chapter 5: Technology Management
- Chapter 6: Facilities
- Chapter 7: Public Safety
- Chapter 8: Health Department

- Chapter 9: Social Services Department
- Chapter 10: Solid Waste/Water Utilities
- Chapter 11: Tax Administration
- Chapter 12: Other County Department Issues
- Chapter 13: Fiscal Impact Summary

MAJOR COMMENDATIONS AND RECOMMENDATIONS

In this section we highlight major commendations and recommendations for each operational area. A total of 93 recommendations were made, but only the most significant ones are highlighted in this executive summary. It is important for the Board of County Commissioners and the County Manager to keep in mind that all recommendations can not be implemented immediately; some will take months and years to implement.

Administrative and Organizational Leadership

A well-defined governance structure, management, and planning process provide the foundation for effective and efficient delivery of services. The Board of County Commissioners and County Manager should function as a leadership team to meet citizen needs. Effective leadership means that there is a clear delineation among setting goals, objectives, and policies for operations and implementing an effective management structure to accomplish those goals and objectives in a strategic manner.

Commendations in this section include:

- The County Manager is commended for meeting on monthly basis with the chief administrators of Lee County's municipalities.

- Lee County employees are commended for their understanding of Lee County's chain-of-command and respect for the county manager form of government.

- The Lee County Board of Commissioners is commended for having a comprehensive performance evaluation tool in place for its County Manager.

- The Lee County Board of Commissioners is commended for its support of the professional development and continuing education of the County Manager as a professional local government manager.

- The County Manager is commended for having an innovative performance review system.

- The Board of Commissioners and Lee County staff are commended to taking proactive step to address the retirement of the long-time County Attorney.

The most significant recommendations in this chapter include the following:

- Invite the Lee County School Board to hold joint quarterly meetings with the Lee County Board of Commissioners.
- Implement a plan for holding bi-annual meetings with key community stakeholder groups.
- Continue to support the County Manager's professional development and continuing education efforts.
- Re-create an organizational chart that details the organizational structure and reporting relationships within Lee County Government and with outside officials and organizations.
- Develop a comprehensive Lee County Policy Manual with up-to-date and comprehensive policies.
- Develop the Policy Manual as an electronic document, and make it available to Lee County staff on the website.
- Develop a plan to provide electronic agenda packets to Commissioners with access to laptop computers.
- Emphasize and hold department heads accountable to the procedure and deadline for submitting agenda packet materials.
- Develop a comprehensive five-year Strategic Plan for Lee County Government.
- Require legal research and document drafting to be initially done at the department level.

Financial Management

Sound county financial management involves the effective use of limited resources to support services. Counties must maximize resources available and must account for use of these resources accurately to local taxpayers, and state and federal governments. Effective purchasing programs provide counties with quality materials, supplies, services, and equipment in a timely manner at the lowest price. Proper accounting must reduce the risk of lost assets and ensure their appropriate use. The County must provide the Board of Commissioners and administrators with timely, accurate, and useful reports concerning its financial condition.

Financial managers collect, analyze, and provide financial information for decision makers. Successful financial operations require qualified personnel with an adequate separation of duties, as well as an accounting system that provides timely, useful, and accurate information to support operating decisions. Comprehensive policies and procedures that ensure proper management of financial resources are important.

Commendations in this section include:

- Lee County Government, and specifically its Finance Director, are commended for audit reports that have received unqualified opinions and for financial processes that have not received management letter comments.
- The Lee County Finance Department is commended for its comprehensive annual financial reports that have received awards for 14 consecutive years.
- The Lee County Finance Department is commended for implementing scanning software to reduce the need to retain hard copy purchasing and accounts payable documents.
- The Lee County Finance Department has cross-trained its staff in the important functions of payroll, vendor payments, and bank account reconciliations.
- Lee County Government is commended for its mandatory direct deposit policy for paying employees.
- Lee County Government, and specifically its Finance Director has a well-organized and detailed budget document that includes five-year revenue and expenditure projections.
- Lee County Government has a documented budget development process that includes informing the public when and where they can be involved.
- Lee County Government is commended for establishing a general fund balance policy and for providing extensive discussion on the impact of budget and other financial decisions on the balance.
- Lee County Government is commended for using a procurement card program to reduce administrative time in processing payments to vendors.
- Lee County Government is commended for establishing an accident review policy and an Accident Review Board to analyze accidents to determine the cause, and to take steps to prevent the same types of accident in the future.

Primary recommendations in this chapter include the following:

- Develop desk procedures for important Finance Department responsibilities, continue to cross-train staff, and formally designate back-up responsibilities for each staff member.
- Modify human resources and payroll systems to provide a partition between the two systems, and allow access to only specific employees needing the data to complete their assigned job duties.
- Review each interlocal agreement and the amount for shared services annually to reflect the cost of providing each service.

- Change the basis of distributing sales tax collections from the per capita basis to the ad valorem basis, and monitor changing population and tax base trends.
- Assist Lee County Schools with the development of a General Fund Balance policy for the district that is coordinated with Lee County's policy, and ensure that the needs of both the County and LCS are addressed.
- Submit the Lee County budget document for review to the Government Finance Officers Association (GFOA) for continued improvement and a possible award.
- Delegate authority to the Finance Director to approve low dollar budget transfer within a department's budget.
- Track purchases that do not follow policy, and implement correction action for employees who do not follow policy.
- Improve controls over fixed assets by requiring approval from the County Manager before items are deleted from fixed asset inventory records, and assign physical inventory duties to departments who have custody of the assets.
- Develop a process that requires the Finance Director to approve bank reconciliations.
- Develop a procedure that requires the Finance Director to approve cash audit forms and updates to the list of departments to be audited after each audit.

Human Resources Management

Managing a local government agency is a labor-intensive undertaking; personnel costs typically consume the largest portion of the average county budget. Consequently, successful and effective local governments place a major emphasis on human resources management. The employees of any local government are its most valuable asset. They possess distinctive institutional knowledge and experience that can be difficult and costly to replace should they depart. The recruitment, selection, orientation, training, salary, and benefits provided to the workforce contribute greatly to the effectiveness of the agency.

Commendations in this section include:

- Lee County is commended for maintaining and tracking key performance goals.
- Lee County is commended for setting and tracking strategic performance goals for Human Resources.
- Lee County is commended for maintaining comprehensive, up-to-date, electronic records of personnel policies where they are easily accessible by employees via the Internet.
- The Human Resources Department is commended for its commitment to regular surveys to assess employee satisfaction.

- Lee County Government, and specifically its Human Resources Department, are commended for conducting exit interviews with departing employees.
- The Lee County Human Resources Director is commended for its commitment to providing services which enrich employees work lives and strive to improve morale.
- Lee County is commended for adopting a comprehensive personnel records policy as well as implementing a method and practice for maintaining these files electronically.
- The Lee County Human Resources Department has a detailed curriculum for new hire orientation.
- The Lee County Human Resources Department is committed to maintenance of the compensation and classification plan through regular independent study.
- Lee County is commended for maintaining up-to-date classification descriptions for its employees.
- Lee County has a comprehensive evaluation packet for employee evaluations.

The most significant recommendations in this chapter include the following:

- Maintain the present organizational structure in the Lee County Human Resources Department with three human resources professionals and one combined FTE in the quasi-receptionist role.
- Provide the senior human resources staff additional opportunities for specialized human resources training and professional association membership.
- Develop a succession plan to ensure consistency and continuity of Lee County's vital operations.
- Develop written internal practices, procedures, and workflow processes, and develop a plan for the annual review and revision of standard operating procedures.
- Implement a recruitment and retention plan focused on increasing the recruitment and retention of qualified employees.
- Create an Employee Handbook with explanations of and references to the most relevant policies and procedures for employees.

Information Technology Management

Two decades ago, technology was viewed as a nice-to-have addition to local governments and private businesses. Now, however, technology has evolved into a fundamental component of nearly every organization providing services in the public and private sector. Technology drives analysis and evaluation of efficiency, and allows leaders to make data-driven decisions that positively impact citizens and employees alike. Rarely can a county become as effective and

efficient as the potential of its employees would allow without most of its processes being automated and bringing technology to the forefront of the organization.

Ideally, technology is one area of a county government that supports all personnel in a positive manner, allowing employees to conduct business in a way that maximizes resource utility. Organizing technology resources to effectively achieve this outcome can be challenging, but is necessary for operational success. Not only does it require the necessary staffing level, but also the necessary skills, tools, and leadership.

Commendations in this section include:

- Lee County is commended for its implementation of a sound IT organizational structure.
- The Lee County IT Director is commended for collecting and tracking performance measures.
- The IT Department is commended for implementing the TrackIT! technology service delivery management software.
- Lee County is commended for installing a unified modern telephone system to simplify telephonic connectivity.
- Lee County is commended for its ability and willingness to enter into a progressive interlocal agreement for GIS in its Strategic Services Department.

Major recommendations in technology include the following:

- Maintain current IT staffing levels until a time at which the computer count increases substantially and the staffing ratio exceeds 100 computers per IT FTE.
- Update the existing IT planning document to include more project-level planning information.
- Develop a Disaster Recovery Plan to cover critical systems in the event of interruption of service.
- Create a Technology Procedures Manual.
- Create an annual report of IT performance data which details the successes and trends in IT operations.
- Develop a training expectation for Lee County staff.
- Enroll the two Project Managers for the IT Department in technology-specific project management certification courses.

- Expedite the complete transition to VOIP phones for 100 percent of Lee County personnel and locations.

- Develop and implement a Preventative Maintenance Checklist as a foundation for a countywide annual maintenance plan for all laptop and desktop computers.

- Begin collecting data which tracks the source and distribution of service requests between the interlocal agencies to determine funding equitability.

Facilities

County governments own and operate a wide variety of buildings and other facilities. Included in a county's building stock may be the following mixture of building types: office buildings, court houses, libraries, jails, fire and police stations, and health care facilities. In addition, parks and recreation facilities may include baseball, softball and other athletic installations, swimming pools, bike and running trails, public restrooms, concession stands, and various types of parks. This requires know-how of the optimum operation and maintenance of a large spectrum of facilities, implemented by a well-trained and motivated maintenance, housekeeping and groundskeeping staff. Moreover, decisions about facilities planning, programming, design and construction activities are made exceedingly complex, requiring the prioritization of needs among competing county departments seeking a share of limited capital programs funding for new facilities, or improvement/expansions.

Commendations in this section include:

- Lee County Government is commended for its pragmatic use of taxpayer funds in avoiding deferred maintenance by spending judiciously for building maintenance within the window of 2 to 4 percent of the replacement cost of its building inventory.

- Lee County Government is commended for its initiative in seeking grant funds for energy conservation projects.

- Lee County Government is commended for creating productivity and efficiency through a strong sense of camaraderie, mutual respect, willing cooperation, and pride among its housekeepers, maintenance workers and groundskeepers.

Primary recommendations in facilities include the following:

- Initiate a formal, ongoing process of facilities planning and capital improvements program development.

- Include a comprehensive energy condition assessment and energy savings strategy in the first Five-Year Facilities Master Plan.

- Investigate the use of Energy Performance Contracting (EPC) as a means of financing a portion of key energy savings projects and programs for Lee County.

- Make a resolution of the Main Library facilities needs and energy waste a top priority in the Five-Year Facilities Master Plan.

- Work with schools officials in Lee County Schools to explore the possibility of establishing joint-use libraries at Broadway and Greenwood Elementary Schools.

- Maintain the current staffing levels for housekeepers, maintenance workers, and groundskeepers in Lee County Government, and fill the vacant position in Maintenance with a licensed plumber.

- Prepare for an adequate period of smooth transition to replace the current General Services Director upon retirement.

Public Safety

Of all services provided to citizens by local government, public safety has the most diverse, complex, and mission critical assignment. Public safety agencies—such as E-911/ECC, emergency medical services (EMS), law enforcement, and fire departments—must operate 24 hours a day, seven days a week, 365 days a year. Since there is an equal opportunity for virtually all types of incidents to occur any time of day or night, E-911/ECC, EMS, law enforcement, and fire department resources must be on constant alert, trained, prepared, and ready to immediately respond to any event in a professional manner.

While the role of public safety is similar in all cities and counties across the United States, every community establishes their own unique level of desired performance and standard of care that E-911/ECC, EMS, law enforcement, and fire department resources must accomplish. For example, a specified response time to a life-threatening event by public safety resources may be acceptable in some communities and the same exact time measurement may not be acceptable in other communities. Because public safety operations are unique to every community, successful public safety operations cannot occur without community involvement.

Commendations in this section include:

- The Lee County Office of Emergency Services is commended for its effort to ensure there is effective coordination among relevant agencies and departments.

- The Lee County Sheriff's Office has effective training programs.

- The Lee County Sheriff's Office is commended for implementing the Asset and Forfeiture Program.

- The Lee County Volunteer Fire Departments are commended for their efforts to ensure there is effective coordination among these departments.

Primary recommendations in public safety include the following:

- Update policies and standard operating procedures for public safety.
- Determine the full impact of Transport responsibilities.
- Interface 9-1-1 Caller Telephone Number and Location to the LCSO Computer Aided Dispatch (CAD) System to improve operational effectiveness.
- Automate Location Information for 9-1-1 Calls from Wireless (Mobile) Phones.
- Augment staffing options for Telecommunicators as these call takers and dispatchers perform a life critical function for both citizens and public service personnel in Lee County.
- Considering changing schedules for dispatchers.
- Integrate phone systems so Telecommunicators can use a single headset to answer and process all citizen calls for service.
- Enter into a contract with a language line provider to support the Public Safety Answering Point (PSAP).
- Immediately reduce the number of non-9-1-1 emergency phone calls and merge lines into a single system for the long-term.
- Contact the Southern Software vendor and require this vendor to provide refresher training to PSAP employees on the current version of its system and also provide current user guides and help guides that can be maintained at the workstations.
- Develop an overall Public Safety Technology Master Plan (TMP) which includes the CAD system.
- Develop and implement an emergency activation plan.
- Develop a strategic plan for the development and implementation of a Back-up Public Safety Answering Point (PSAP) Center.
- Develop an integrated system and consolidate the PSAP (Public Safety Answering Point) for Lee County and the City of Sanford.
- Provide time for the Training Lieutenant to work on planning activities.
- Develop a plan to provide basic Spanish language skills/capabilities to deputies to meet the demands of the growing Hispanic community.

- Develop a county-wide Volunteer Fire Department strategic plan to demonstrate how a flat tax would improve the operations of the fire departments.
- Maintain statistical information on Central Carolina Advanced Life Support (CCALS).
- Update and document in writing a revised Interlocal Agreement for 9-1-1 services to ensure there is complete understanding of roles and responsibilities.
- Develop a Public Safety Technology Master Plan.

Health Department

Three North Carolina General Statutes govern how a local health department operates. The local health departments are not considered state entities (although the state and federal governments provide the majority of funding for their operation) and they are not entirely local entities, as state statutes clearing dictate how certain aspects of the health departments are to be run.

The major recommendations for the Health Department include the following:

- Eliminate the position of Nursing Supervisor, create a position of Nursing Director, and create a job description that includes responsibility for accreditation-related activities.
- Consolidate the two business related sections into one Business Services unit, under the leadership of Finance Officer/Business Manager.
- Immediately begin scheduling routine time off during the week when an employee is designated to work on a weekend.
- Reduce staffing levels in Environmental Health to adjust for workload changes.
- Require each unit within the Health Department to develop and implement a method for soliciting customer feedback in a meaningful way.
- Establish a cost effective credit card option for fee payments.
- Comprehensively review and adjust Environmental Health fees.
- Establish a committee comprised of Lee County Commission, Board of Health, and Board of Social Services members to monitor these and other bills related to the operation of these entities.

Social Services Department

The Lee County Department of Social Services (LCDSS) is tasked with providing social services for the residents of Lee County. Each county is responsible for administering these programs through a local Board of Social Services. Services provided by LCDSS can be divided into two broad categories—financial assistance and social services.

Commendations in this section include:

- The New Hire Handbook and Quick Reference Guide provides new employees a basic understanding of the differences in policy between County and LCDSS employees, while still emphasizes the partnership that exists in service to the people of Lee County.
- LCDSS has found innovative ways to relieve pressure on staff while still providing high quality services to its clients after hours and during the Intake process.
- During hard economic times, the Lee County Department of Social Services has implemented a process of posting and hiring from within the Department to provide its employees the potential for upward mobility.
- The LCDSS Finance Office is protecting institutional knowledge and ensuring continuity of services by maintaining detailed instructions for each function performed in the unit by position.
- By having the Lee County Sheriff's Office pick up and make deposits for the Tax, Health and Social Services Departments, the deposits are kept secure and staff efficiency is maximized.

The most significant recommendations in this chapter include the following:

- Require each Social Services unit to develop and implement a method for soliciting customer feedback at least once during the year.
- Develop succession or continuity plans for each unit in DSS, and periodically review and discuss the mitigation instruments to ensure that all key functions and positions within the department can continue if a key person leaves.
- Contract for the specialized legal services needed in LCDSS and continue to use General Counsel for routine contracting and personnel matters.
- Move the operation of specific non-social services functions out of LCDSS, including the Hillcrest Shelter, Youth Services and the Pretrial Program.
- Implement a document management and imaging solution that complements the NC FAST system and increases productivity.
- Purchase and test a sample of various technology options so that staff and management can fully evaluate the options and make meaningful choices about how best to reduce the dictation burden on staff.

Solid Waste

The provision of fresh water and efficient waste management ensure community health, well-being, and quality of life. As resources continue to be strained and demand for high quality service increases, a more sustainable business model is needed in local government utilities to

ensure their success in the future. More specifically, utilities have to incentivize customers to use less water and create less waste while maintaining current revenue levels. Through more efficient operations, broader conservation efforts, and innovation, utilities can improve services while shifting customer use patterns.

Commendations in this section include:

- The Solid Waste Division is commended for reducing the tons of waste per capita by 25 percent since the baseline year.
- The Lee County Solid Waste Division has an exemplary safety record.
- The Solid Waste Division is commended for the development and utilization of a specialized Employee Handbook.
- The Solid Waste Division has successfully pursued state grants.

The major recommendations in this chapter include the following:

- Develop and implement a social media campaign for solid waste reduction.
- Implement a structured, customer feedback system for the Solid Waste Division to evaluate the nature and quality of its services on a regular basis.
- Continue to seek federal or state grant funds to grow available funds.
- Increase the annual solid waste fee by $5 in Lee County.

Tax Administration

Property taxes in North Carolina are considered "ad valorem," a Latin term meaning "according to value". Thus, the tax burden assessed to each property owner is based upon the "true value" or "market value" of his or her property. "Market value" is further defined as "the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used". This is commonly referred to as an "arms length transaction."

The primary tasks of a Tax Department of each of North Carolina's 100 counties are to determine the market value of all taxable property located within the county, then bill each property owner utilizing the tax rate set each year by each Board of County Commissioners.

Commendations in this section include:

- Lee County Government is commended for recognizing the advantages of establishing a Tax Administrator's position to oversee the entire property tax operation.

- The Lee County Tax Department is commended for the steady increase in its overall tax collection rate since 2005, and also for its high standing among peer counties for 2009-10.

- Managers in the Lee County Tax Department are commended for initiating the process to complete written procedures manuals for all business processes in the office.

- The Lee County Tax Department has an aggressive initiative in submitting delinquent accounts to the North Carolina Local Government Debt Setoff Clearinghouse for recovery.

- The Lee County Tax Department is commended for its insight to recognize the advantages of outsourcing mailed tax payments by using the lockbox service offered by First Citizens Bank.

- The Lee County Tax Administration is commended for its strategic and continuing business personal property auditing program and for its initiative to secure an intergovernmental agreement with the City of Sanford to share proportionally all auditing fees of discoveries located within the City.

- The Lee County Tax Department is commended for the strategic and effective security features employed and for providing an office design that is convenient and efficient for customers.

- The Lee County Tax Department is commended for its excellent website which is well designed and easy to navigate, and provides extensive useful information for citizens.

Primary recommendations for the Tax Administration include the following:

- Purchase a scanner with appropriate software, and implement a phased-in scanning program for selected tax records.

- Hire a full-time staff person to exclusively work accounts for the $1.5 million delinquent tax dollars currently owed to Lee County.

- Develop and make available to the public a customer satisfaction survey to solicit feedback and suggestions regarding the level of customer service the department provides.

- Position a personal computer with a designated Internet connection and a credit card reader near the service counter, thereby offering the convenience of making payments by credit/debit card using the established service.

- Investigate the feasibility of installing a new comprehensive integrated tax system at an appropriate time after all activities related to the 2013 property revaluation are concluded.

Other County Departments/Issues

As we conducted this performance audit, single issues in other departments (in addition to those included in the first ten chapters) emerged during our on-site work. Evergreen consultants believe these issues should be addressed as well.

Primary recommendations in this chapter include the following:

- Modify the website for the Lee County Economic Development Corporation (LCEDC) to clearly displace its annual report, goals, strategies, and performance.
- Ensure that all Economic Development Corporation goals and objectives/strategies are stated in measurable terms and assessed annually.
- Develop an Interlocal Agreement for Parks and Recreation which provides for equitable sharing of expenses to maintain parks and recreation services within Lee County.
- Revise and update the Interlocal Agreements between the City of Sanford and Lee County for planning/zoning and inspections.
- Retain the current provision of transportation services for the County of Lee Transit System COLTS.

FISCAL IMPACT

Based on the analyses of data obtained from interviews, surveys, community input, Lee County Government documents, and first-hand observations in Lee County, the Evergreen Team developed 93 recommendations in this report.

Exhibit 1 shows the total costs and savings for all study recommendations that have fiscal impacts. As can be seen, the total gross savings is about $10.5 million over five years with a net savings of $9.7 million.

The five-year costs and savings are shown in 2012 dollars. It is important to keep in mind that the identified savings and costs are incremental.

Exhibit 1
Summary of Annual Costs and Savings

Costs and Savings	Years					Total 5-Year (Costs) or Savings	One-Time (Costs) or Savings
	2012-13	2013-14	2014-15	2015-16	2016-17		
TOTAL SAVINGS	$2,026,627	$2,102,255	$2,131,302	$2,160,355	$2,089,415	$10,509,954	
TOTAL COSTS	($73,103)	($158,603)	($158,603)	($158,603)	($198,603)	($747,515)	($108,900)
TOTAL NET SAVINGS	$1,953,524	$1,943,652	$1,972,699	$2,001,752	$1,890,812	$9,762,439	($108,900)
TOTAL FIVE-YEAR NET SAVINGS							$9,653,539

CHAPTER 1: INTRODUCTION

1.0 INTRODUCTION

In October 2011, Evergreen Solutions, LLC was retained by Lee County, North Carolina to conduct a comprehensive performance audit of departments and services. The study was intended to focus on the organizational, operational, and financial efficiency and effectiveness of all County operations. Specifically, Evergreen reviewed past reports and existing data sources (policies, organizational charts, financial audits, job descriptions, salary schedules, employee handbook, etc.), conducted interviews, and established a channel for community input. Evergreen's Team also benchmarked Lee County operations to operations in peer districts using comparative data and statistical analysis. Pairing the outcome of this analysis with findings from on-site reviews and interviews, Evergreen determined areas where Lee County could make improvements to existing processes, plans, and procedures.

Lee County has approximately 57,866 residents and has a total area of 259 square miles, of which 257 square miles is land and two square miles is water. During the 2011-12 fiscal year, the County operated on a budget of approximately $62.7 million. Since 2000, the County has experienced significant growth in population of approximately 18 percent. The context in which this performance audit occurred influenced Evergreen's approach and methodology, and provides a crucial first step in understanding the study's outcomes.

1.1 METHODOLOGY

Evergreen's methodology for conducting the performance audit was divided into two distinct phases – Phase I (project initiation and diagnostic review) and Phase II (in-depth analysis and reporting). This phased approach ensured that objectives were clearly articulated before commencing the study and were completed in a logical manner. The two phases were further disaggregated into seven tasks, including the following:

Phase I

- initiating the project;
- collecting and reviewing existing reports and data sources; and
- conducting a diagnostic review, including interviews with Board of County Commission members, County leaders, and department heads. In addition, a website link was created for public input.

Phase II

- determining operational requirements, and conducting analyses and benchmarking with comparison counties and best practice research;
- conducting the formal in-depth audit with a team of ten Evergreen consultants;
- conducting gap analysis and formulating findings and recommendations; and
- preparing the draft and final reports.

A more detailed work plan was provided to Lee County in the initial proposal submitted by Evergreen to Lee County. The work plan contained 54 task activities and 21 key project milestones. A brief overview of each of the seven tasks listed above and in Evergreen's work plan follows.

Project Initiation

During project initiation, Evergreen worked with Lee County leaders to finalize the project work plan, time lines, and deliverables that would lead to successful accomplishment of all objectives of the performance audit. In addition, expectations were defined for both the County and for the Evergreen Team. Project initiation also included the initial step of developing a comprehensive understanding of Lee County as an organization and at the individual department level. This included developing profiles of departments and functional areas, and mapping the dependencies between each. Further, key project stakeholders were identified and contact information was provided to Evergreen to establish effective lines of communication to be used throughout the project.

Review of Existing Reports and Data Sources

Initially, Evergreen consultants collected existing reports and data sources that provided the team with recent information related to the various administrative functions and operations to be reviewed in the County. Examples included, but were not limited to the following:

- policies and administrative procedures;
- organizational charts and flow charts of work processes in each department;
- program and compliance reports;
- strategic and departmental plans;
- mission, vision, goals, objectives and performance standards;
- annual performance reports;
- independent financial audits;
- annual budget and expenditure reports;
- job descriptions;
- technology data;
- staffing data;
- salary schedules;
- citizen feedback; and
- employee handbook.

Data were analyzed from each of these sources and the information was used as a starting point for collecting additional data during on-site visits. Paired with research conducted on Lee County prior to commencing this study, state-level data collected by Evergreen, and Evergreen's understanding of North Carolina municipalities derived from our experience working with multiple North Carolina counties, these data solidified our understanding of Lee County and allowed us to establish a firm context in which the performance audit would be conducted. The final outcome of this task was a comprehensive and detailed profile of Lee County Government.

Diagnostic Review

The diagnostic review of Lee County consisted of an on-site review of county operations conducted over four days—November 14-17, 2011. With information in hand from the previous task, Evergreen team leaders were able to submerse themselves into the operations of the County and begin identifying areas for further analysis. Two Evergreen consultants interviewed or conducted focus groups with Board of County Commissioners, County leaders, department heads, other employees, and community leaders concerning the management and operations of Lee County during this review. Care was taken to ensure that a diverse cross-section of staff at all levels and functions of the County Government were included in this process. During this time, an anonymous channel for citizen input was also established on the County's website.

In-Depth Performance Audit

A team of ten consultants conducted the in-depth performance audit of Lee County operations during the week of December 5, 2011. With direction from Evergreen's team leaders, this second formal on-site review allowed further analysis to take place for those areas identified during the previous diagnostic review.

As part of this on-site review, the following systems and operations were examined:

- Administrative and Organizational Leadership
- Financial Management and Purchasing
- Human Resources
- Technology
- Facilities
- Public Safety (Sheriff, Jail, EMS/Fire & Emergency Management)
- Health Department
- Social Services Department
- Solid Waste and Water
- Tax
- Other Departments

It is important to note that the areas reviewed in the in-depth performance audit were based on the diagnostic review, which sought to determine which Lee County departments were the most in need of an extensive analysis.

Prior to conducting the on-site review, each team member was provided with an extensive set of information about Lee County operations (formed during previous tasks). During the on-site work, Evergreen team members conducted a detailed performance audit of the structure and operations in their assigned functional areas.

1.2 COMPARISON COUNTIES

For the purpose of comparative analysis, Evergreen Solutions identified, with the assistance and approval of the County Manager, a group of seven counties that possess similar demographic characteristics to Lee County. Preliminary analysis examined these peer counties to determine points of comparison, best practices, and operational needs for Lee County.

The North Carolina counties chosen for this peer analysis were:

- Chatham County
- Franklin County
- Granville County
- Harnett County
- Rutherford County
- Stanly County
- Surry County

A comparison of county population and number of county employees in peer counties is shown in **Exhibit 1-1** and a comparison of expenditures in peer counties is displayed in **Exhibit 1-2**. As can be seen, Lee County possesses many similarities to the group of peer counties based on the comparison data in these exhibits. This process of comparison, albeit more in-depth, was used to not only select peer comparison counties, but throughout the report, to benchmark Lee County against its peers.

Exhibit 1-1
County Residents per County Employee Ratio
with Study Comparison Peers
2010

County	County Population*	County Employees		Percent of Budgeted Positions Filled	Residents per County Employee[1]
		Budgeted**	Filled**		
Lee	**57,866**	**350**	**348**	**99.4%**	**166.3**
Chatham	63,505	458	432	94.3%	147.0
Franklin	52,217	479	458	95.6%	114.0
Granville	60,585	261	256	98.1%	236.7
Harnett	114,678	1,008	984	97.6%	116.5
Rutherford	60,619	411	408	99.3%	148.6
Stanly	67,810	452	431	95.4%	157.3
Surry	73,673	973	874	89.8%	84.3
Average	**68,869**	**549**	**524**	**96.2%**	**146.3**

** Source: County population from U.S. Census*
*** Source: UNC School of Government, 2011. UNC School of Government indicated that when collecting this count, there is no delineation between full-time, full-time equivalent (FTE), or both full-time and part-time employees.*

[1]Based on positions filled

Exhibit 1-2
Comparison of North Carolina
Local Government Expenditures
2009-10 Fiscal Year

County	2010 Population[1]	B: Total Expenditures (Year ending June 30, 2010)	Per Capita Expenditures (B/A)	Expenditures by Function (Year ending June 30, 2010)					
				Education	Debt Service	Human Services	General Gov't	Public Safety	Other
Lee	**57,866**	**$64,839,002**	**$1,120.50**	**33.7%**	**11.1%**	**20.8%**	**10.2%**	**13.9%**	**10.4%**
Chatham	63,505	$119,140,309	$1,876.08	40.3%	7.9%	14.4%	7.1%	15.1%	15.1%
Franklin	60,619	$89,143,957	$1,470.56	30.9%	11.2%	18.0%	4.5%	20.4%	14.9%
Granville	59,916	$53,283,146	$889.30	28.6%	10.6%	17.3%	9.0%	21.2%	13.4%
Harnett	114,678	NA	NA	NA	NA	NA	NA	NA	NA
Rutherford	67,810	$67,852,506	$1,000.63	24.4%	16.0%	19.7%	8.6%	21.5%	9.8%
Stanly	60,585	$69,934,608	$1,154.32	25.6%	5.9%	21.0%	9.0%	20.1%	18.4%
Surry	73,673	$106,136,983	$1,440.65	35.9%	7.1%	19.9%	8.5%	15.7%	12.9%
Average	**69,832**	**$81,475,787**	**$1,278.86**	**31.3%**	**10.0%**	**18.7%**	**8.1%**	**18.3%**	**13.6%**

Source: NC Department of State Treasurer (http://www.nctreasurer.com/lgc/units/unitlistjs.htm), 2011.

[1]County population from U.S. Census

Benchmarking data were derived from both readily available sources, such as the State of North Carolina's State Data Center, as well as from data collected through direct contact with the peer counties. As such, Evergreen evaluators took great care in ensuring data were accurate. However, in some instances, peer counties reported data that can only be confirmed to a certain extent, and therefore some inconsistencies may exist between reported data and actual operational data. Nonetheless, this type of benchmarking is customary and considered best practice in conducting performance audits.

1.3 OVERVIEW OF THE REPORT

The final report for this study consists of the following 13 chapters:

- Chapter 1: Introduction
- Chapter 2: Administrative and Organizational Leadership
- Chapter 3: Financial Management
- Chapter 4: Human Resources Management
- Chapter 5: Technology Management
- Chapter 6: Facilities
- Chapter 7: Public Safety
- Chapter 8: Health Department
- Chapter 9: Social Services Department
- Chapter 10: Solid Waste/Water Utilities
- Chapter 11: Tax Administration
- Chapter 12: Other County Departments/Issues
- Chapter 13: Fiscal Impact Summary

Chapter 2 through **Chapter 12** contain findings, commendations, and recommendations for specific operational areas, provided in the following sequence:

- a description of the operation in Lee County Government;
- a summary of our study findings;
- a commendation or recommendation for each finding; and
- estimated costs or cost savings over a five-year period which are stated in 2012 dollars.

CHAPTER 2:
ADMINISTRATIVE AND ORGANIZATIONAL LEADERSHIP

2.0 ADMINISTRATIVE AND ORGANIZATIONAL LEADERSHIP

During the past decade, the environment in which local governments function has experienced some dramatic changes. The onset of major financial stressors related to the precarious economic landscape, constant changes in expectations of the public, and continuing shifts in service responsibilities to the local level are just a few of the primary drivers behind this environmental change. This new environment has magnified the need for local elected bodies and local government managers to work as a team to ensure the effective and efficient delivery of public services.

Most, if not all, organizations—both public and private—have the lofty goal of "success" and strive to be "successful" in the delivery of services. Very few organizations have a clear definition of "success." Even fewer organizations actually meet the goal of being "successful." In pursuit of "success," numerous local governments—both large and small—have undertaken strategic planning initiatives and implemented performance management systems. These tools, if used correctly, can assist local governments in finding new, innovative, and cost-effective ways to deliver public services, and can, in many cases, result in success.

The blueprint for effective and efficient local government service delivery is quite simple in theory, but can be extremely complex in practice. In order to ensure top-notch service delivery, three key components must be in place:

- a well-defined organizational/governance structure;
- a reliable management system; and
- a pro-active, deliberate planning process.

It is imperative that elected officials and managers work as a team to ensure that these components are in place and, in turn, work in a unified manner to meet the constantly changing needs and demands of the public. Through this team approach, there has to be clear delineation between the development and enacting of policies (the legislative process) and the strategic implementation of policies (the management process).

In considering service delivery of public services, it is important to note the value of local government. Local elected officials and managers interact face-to-face and on a daily basis with the people directly impacted by the services delivered by their jurisdictions. Regardless of size, total budget, region, or political environment, local governments provide a wide array of services that impact all members of society—from citizens who rely on receiving basic human services to families who enjoy cultural and recreational driven services, and all types of services in between. Citizens have come to not only expect, but demand these services. Citizens, for the most part, also demand that these services be delivered at the highest possible level and at the same time insist that the tax burden be as low as possible.

To further complicate service delivery at the local level, migration patterns during the past 30 years have caused a swell in the population of historically rural areas as people migrate from urbanized areas to rural areas. These citizens expect types and levels of services historically reserved for only large urban jurisdictions. The uncertain state of the national and global economy causes additional stress to local service delivery systems. It is widely known that the economic environment of the past several years has not been kind to local governments. Some local jurisdictions have seen certain revenues decline by more that 50 percent. Furthermore, state governments and the federal government continue to shift funding requirements, service delivery responsibilities, and program administration to the local level.

Increased demand for services, demand for high-level services, insistence for low tax burdens, an uncertain economic environment, and the passing down of responsibilities from higher levels of government have created an atmosphere in which local governments must find new, innovative, and cost effective way to deliver services.

Some local governments have begun to crumble under this pressure. A few local governments have embraced these challenges. These unique jurisdictions have implemented organizational changes and enacted progressive management systems that have resulted in increased performance, greater citizen satisfaction, and cost savings. These jurisdictions are on their way to reaching the goal of "success." The challenge to other units of local government is to adjust to the new reality and chart a course to success.

This chapter examines and evaluates the effectiveness of Lee County's administration and organizational leadership in the following five sections:

2.1 Governance and County Management
2.2 Organizational Structure
2.3 Policies and Procedures
2.4 Strategic Planning
2.5 Legal Services

2.1 GOVERNANCE AND COUNTY MANAGEMENT

All 100 counties in North Carolina are governed by Boards of County Commissioners. The Lee County Board of Commissioners is comprised of seven members. Four members of the Board of County Commissioners must reside in various geographic areas or districts in the County. The remaining three members hold "at-large" seats on the Board of County Commissioners and can reside in any area of the County. In North Carolina, county governments and, in turn, Boards of County Commissioners, are arms of the State of North Carolina—all authority held by county governments is granted by the State through the North Carolina General Assembly. Boards of County Commissioners are granted broad authority by the State of North Carolina in relation to the organization of county government.

North Carolina General Statute 152A-76 states:

> *The board of commissioners may create, change, abolish, and consolidate offices, positions, departments, boards, commissions, and agencies of the county government, may impose ex officio the duties of more than one office on a single officer, may change the composition and manner of selection of boards, commissions, and agencies, and may generally organize and reorganize the county government in order to promote orderly and efficient administration of county affairs, subject to the following limitations:*
>
> *(1) The board may not abolish an office, position, department, board, commission, or agency established or required by law.*
>
> *(2) The board may not combine offices or confer certain duties on the same officer when this action is specifically forbidden by law.*
>
> *(3) The board may not discontinue or assign elsewhere a function or duty assigned by law to a particular office, position, department, board, commission, or agency.*
>
> *(4) The board may not change the composition or manner of selection of a local board of education, the board of health, the board of social services, the board of elections, or the board of alcoholic beverage control.*

Lee County operates under the county manager form of government as permitted by North Carolina General Statutes. North Carolina General Statute 153A-81 states:

> *The board of commissioners may by resolution adopt or discontinue the county-manager plan. If it adopts the county-manager plan, the board may, in the alternative:*
>
> *(1) Appoint a county manager to serve at its pleasure. The manager shall be appointed solely on the basis of his executive and administrative qualifications. He need not be a resident of the county or the State at the time of his appointment.*
>
> *(2) Confer upon the chairman or some other member of the board of commissioners the duties of county manager. If this is done, the chairman or member shall become a full-time county official, and the board may increase his salary pursuant to G.S. 153A-28.*
>
> *(3) Confer upon any other officer, employee, or agent of the county the duties of county manager.*

The county manager form of government:

> *…combines the strong political leadership of elected officials with the strong managerial experience of an appointed manager or administrator All power and authority to set policy sets with an elected governing body, which includes a mayor or chairperson and members of the council, commission, or board. The governing body in turn hires a nonpartisan manager who has very broad authority to run the organization* (2007, "Council-Manager Form of Government: Frequently Asked Questions," International City/County Management Association).

According to the University of North Carolina School of Government in a publication entitled *Leading and Governing in Council-Manager Counties and Cities* (UNC-CH, 2007):

> *North Carolina's law authorizing the council-manager form of government, like those of most states, drew on the provisions contained in the National Municipal League's (now the National Civic League) Model City Charter. Consequently, the specifications of the powers and duties of the county manager found in North Carolina's General Statutes (G.S. 153A-82) are fairly typical of those found nationwide and, with no exception, are consistent with the general elements of the council-manager plan:*
>
> *Section 82. Powers and duties of manager. The manager is the chief administrator of county government. He is responsible to the board of commissioners for the administration of all departments of county government under the board's general control and has the following powers and duties:*
>
> *(1) He shall appoint with the approval of the board of commissioners and suspend or remove all county officers, employees, and agents except those who are elected by the people or whose appointment is otherwise provided for by law. The board may by resolution permit the manager to appoint officers, employees, and agent without first securing the board's approval. The manager shall make his appointments, suspensions, and removals in accordance with any general personnel rules, regulations, policies, or ordinances that the board may adopt.*
>
> *Unlike the City Manager in North Carolina, the County Manager does not have automatic statutory authority to hire, fire, and discipline all employees not otherwise appointed by the council. The county manager performs these duties only with the approval of the board, unless the commissioners take positive action to grant the county manager the power to do so without the approval. County managers must exercise whatever authority of appointment and removal they have in accordance with personnel rules and regulations adopted by the board of commissioners.*
>
> *(2) He shall direct and supervise the administration of all county offices, departments, boards, commissions and agencies under the general control of the board of commissioners, subject to the general direction and control of the board.*
>
> *This provision makes the county manager responsible for supervision of county operations in accordance with whatever laws, regulations, policies, direction, and guidance the board of commissioners might decide. The commissioners' control is intended to be general in nature, leaving the manager to exercise professional judgment on how to carry out the board's intent. This can be a difficult line to draw clearly, and its actual practice varies from county to county, depending on a variety of factors such as tradition, confidence in the person who serves as manager, individual personalities and styles, and the issues involved. Because other elect or appoint several key department heads, as described earlier, and because commissioners usually appoint the county clerk, attorney, tax assessor, and tax collector, and in many counties the finance director, county managers' authority over the administrative apparatus for which they are responsible might seem less than clear. To be successful, North Carolina county managers have be more tolerant of ambiguity in their*

authority and more facilitative than directive in their management styles than their counterparts in North Carolina cities.

(3) He shall attend all meetings of the board of commissioners and recommend any measures that he considers expedient.

The manager or his or her designee must attend all meetings of the board of commissioners in person. This provision acknowledges that one of the manager's fundamental responsibilities is to give professional advice and counsel to the commissioners in their deliberations or, at the very least, to ensure that the board has access to and understands the information it needs to make informed choices in the manners coming before it. The expectation that the board of commissioners will have access to the advice of the manager or the manager's designee any time it gathers. Most managers will not miss a meeting if they can help it and will be careful to secure the concurrence of the chair or the entire board if they must be absent. They will also make sure that an assistant or other designee chosen to act in their place is fully able and prepared to give the board the support it needs.

(4) He shall see that the orders, ordinances, resolutions, and regulations of the board of commissioners are faithfully executed within the county.

This general supervisory role of the manager is self-explanatory.

(5) He shall prepare and submit the annual budget and capital program to the board of commissioners.

In a county that adopts the county manager form of government, the manager is also the budget officer (G.S. 159-9) and is required by G.S. 159-11 to prepare a budget for consideration by the commissioners in whatever form and detail the board might specify. This is, of course, a recommended budget and capital program, which the commissioners may modify as they wish before adopting the budget ordinance (see Articles 15 and 17).

(6) He shall annually submit to the board of commissioners and make available to the public a complete report on the finances and administrative activities of the county as of the end of the fiscal year.

In addition to the required annual report, the manager commonly makes periodic financial and administrative reports to the commissioners throughout the fiscal year.

(7) He shall make any other reports that the board of commissioners may require concerning the operations of county offices, departments, boards, commissions, and agencies.

(8) He shall perform any other duties that may be required or authorized by the board of commissioners.

These responsibilities are also self-explanatory.

Currently, the Lee County Board of Commissioners consists of Chairwoman Linda A. Shook (District III), Vice Chairman Charlie Parks (District II), Commissioner Robert T. Reives (District I), Commissioner Nathan E. Paschel (At Large), Commissioner Richard B. Hayes (At Large), Commissioner Larry C. "Doc" Oldham (At Large), and Commissioner Jim Womack, Jr. (District IV). John A. Crumpton serves as Lee County's County Manager.

FINDING

Lee County has a very effective internal communication network and information sharing system. This greatly enhances the County's policy development process, legislative actions, and administrative functions—all of which play a key role in the efficient and effective delivery of services. Nonetheless, service delivery could be furthered enhanced through an improved external communication network and information sharing system.

County government is a dynamic environment with a wide array of stakeholders. Deadlines are always looming, meetings are constantly held, citizen input is delivered, and time is always ticking. Such an environment is ripe for breakdowns in communication—between management and staff, between citizens and staff, between units of government, between outside agencies and organizations, and between management and elected officials. Elected officials, managers, and staff members must constantly work to maintain open lines of communication. It is extremely important that the flow of information among the Board of Commissioners, the County Manager and, in turn, County employees be an effective one.

It was noted in several interviews with individual County Commissioners that the County Manager does an effective job in communicating and sharing information with the Board of County Commissioners. As is the case in most of North Carolina's counties, the County Manager's main point of contact on the Board of Commissioners is the Chairperson. However, other members of the Board of Commissioners and the County Manager feel that information is freely provided by the County Manager to all members of the Board. In turn, it was also noted that information freely flows from the Board of County Commissioners to the County Manager.

It was also discovered during interviews, through on-site observations, and with document review that the communication system used among the County Manager, department heads, administrative staff, and other employees is effective. These parties indicated that information flows freely among departments, employees, administrative staff, and the County Manager.

In terms of an external communication network and information sharing system, the County Manager meets on a monthly basis with the chief administrators of the County's municipalities, the Town of Broadway and the City of Sanford. However, the communication network and information system in place between the Board of County Commissioners and the Lee County School Board, the Economic Development Corporation, and other outside organization could be improved.

COMMENDATIONS

Lee County Government, as a whole, is commended for the internal communication network and information sharing system that is in place. Specifically, the Board of

Commissioners, the County Manager, department heads, administrative staff, and general employees are commended for their role in ensuring the effective flow of information and positive communications.

The County Manager is commended for meeting on monthly basis with the chief administrators of Lee County's municipalities.

RECOMMENDATIONS

Recommendation 2-1:

Invite the Lee County School Board to hold joint quarterly meetings with the Lee County Board of Commissioners.

As noted, Lee County Government has a very effective internal communication system. It is also important to ensure that lines of communication with outside organizations and other elected bodies remain open. This is especially true in relation to the Lee County Board of Education.

It is not uncommon in North Carolina for boards of county commissioners and school boards to formally interact only one time per year—during the budget process. Considering the large amount of county funds provided to the school system and the major role schools play in the community, it is important that formal interaction take place throughout the year. Quarterly meetings between the Lee County Board of Commissioners and Lee County School Board will allow for dialog concerning both challenges and opportunities facing each agency. It will help in building goodwill and will lead to collaborative problem solving. Most importantly, such regular meetings can allow for forum for the two boards to sit down to have open and honest dialog. In addition, the County Manager and Superintendent of Schools should have regular meetings, as the County Manager does with officials from the Town of Broadway and the City of Sanford.

Recommendation 2-2:

Implement a plan for holding bi-annual meetings with key community stakeholder groups.

Coordination and cooperation among Lee County, other units of local government, and other governmental agencies is important. The Board of County Commissioners should schedule bi-annual meetings with the elected boards of the County's municipalities. Bi-annual meetings should also be scheduled with other community stakeholders (e.g., the Social Services Board, the Public Health Board, the Economic Development Board, and the Community College Board). **Exhibit 2-1** provides a list of key community stakeholder groups.

Scheduled, consistent, and formal communication between the Board of Commissioners and other community stakeholders is one key to building relationships that will provide for the coordination of services, cooperation on major undertakings, pooling of resources, and improving the community quality of life. An organized agenda should be developed for each meeting.

FISCAL IMPACT

These recommendations can be implemented with existing resources.

Exhibit 2-1
Key Community Stakeholder Groups in
Lee County, North Carolina

Lee County Economic Development Corporation
Lee County Board of Health
Lee County Committee of 100
Lee County Social Services Board
Central Carolina Community College
Sanford Area Chamber of Commerce
City of Sanford City Council
Town of Broadway Board of Commissioners

Source: Created by Evergreen Solutions, 2011.

FINDING

In various interviews with individual County Commissioners, the County Manager, department heads, and administrative staff, it was noted that, other than general informal communication, there is little or no direct, formal contact between individual Commissioners and employees other than the County Manager. Unfortunately, for most counties in North Carolina, this is quite rare. It is clear that the Lee County Board of Commissioners understands and respects the chain-of-command and the county manager form of government. It also indicates that employees also understand and respect the chain-of-command and the county manager form of government.

COMMENDATIONS

The Lee County Board of Commissioners is commended for carefully managing formal interaction with Lee County employees through following the established chain-of-command and respecting the county manager form of government.

Lee County employees are commended for their understanding of Lee County's chain-of-command and respect for the county manager form of government.

FINDING

The Lee County Board of Commissioners has a system in place to formally evaluate the performance of the County Manager. **Exhibit 2-2** shows the instrument used by the Board of Commissioners to evaluate the performance of the County Manager.

Section 5 of the Employment Agreement between the Board of County Commissioners and the County Manager states:

> *The County shall review and evaluate the performance of the Manager at least once annually in advance of the adoption of the annual operating budget. Such review and evaluation shall be in accordance with specific criteria developed jointly by the Board of Commissioners and the Manager. Said criteria may be added to or deleted from as the*

> *Board of Commissioners may from time to time determine, after consultation with the Manager. Further, the Chairperson of the Board of Commissioners shall provide the Manager with a summary written statement of the findings of the Board of Commissioners and provide an adequate opportunity for the Manager to discuss his evaluation with the Board of Commissioners.*

Evaluating the performance of the County Manager is one of the most important responsibilities of the Board of Commissioners. According to Robert Bacel, in his article entitled "What Is the Point of Performance Appraisal?" (Bacel & Associates, 2010):

> *Probably the most misused and abused and disused management tool in history is the performance appraisal. It's the strangest thing. Ask any manager or human resources person whether they think performance appraisal is an important thing to do, they are almost unanimous. "Of course it is", is the common response. If you ask why it's important, they will tell you and tell you and tell you.*
>
> *The odd thing is that they often don't get done, and managers, supervisors and employees hate the darned things. Human resource professionals spend a lot of time whipping people into doing them, while managers look for a variety of reasons to delay and delay. Why is that?*
>
> *It's uncomfortable to do performance appraisals. But why is it uncomfortable? Because people undertake them for the wrong reasons and wrong perspective, which ends up putting the manager and the employee on different "sides". Appraisals are used for determining pay increases, who gets let go, who gets promoted. Often they are used to focus on what people have done wrong.*
>
> *So what is the point of performance appraisals? Here's a starting point that actually works. The most important purpose or goal of the appraisal is to improve performance in the future...and not just for the employee. Managers can get valuable information from employees to help them make employee's jobs more productive. Work units and organizations can identify problems that interfere with everyone's work.*
>
> *If we shift from affixing blame, to identifying barriers to performance we begin to remove the fear and dread people have about these "appraisals". When we focus on the present and the future, we change our focus to what's been to what can be better tomorrow.*
>
> *An appraisal that works involves a number of things, but first and foremost is the process of identifying what has gotten in the way of better performance (regardless of the level of performance), and how manager and employee can work together in the future, to improve it. It's really that simple.*
>
> *When managers put away the "blaming stick" in appraisals and move to a cooperative, dialogue approach, the whole process can become more comfortable and effective. Because, it puts the manager and employee on the same side, and working towards the same goals, getting better and better.*
>
> *Sure, we do use appraisals for a number of reasons but if we are going to get real value out of the time and energy we put into them, we have to look at the process in a more constructive way. And, bottom line, that's making performance better.*

Exhibit 2-2
County Manager Performance Evaluation Tool
Lee County, North Carolina

Final Performance Summary Document

Use these guidelines to complete the Performance Summary Document:

The Supervisor should complete the Performance Planning and Review Document including summary ratings and specific comments and the Performance Summary Form by providing an overall rating of performance for the year. In brief narrative form, the Supervisor should outline specific examples which support the overall performance rating.

Performance Rating Definitions

Overall Performance Ratings

5	**Exceeds Expectations**	*Makes significant contribution to the department or County results. Overall performance consistently exceeds the requirements necessary to fulfill the principal duties objectives and expectations of the position.*
4	**Meets Expectations +**	*Overall performance exceeds many of the requirements necessary to fulfill the principal duties objectives and expectations of the position.*
3	**Meets Expectations**	*Overall performance meets all requirements necessary to fulfill the principal duties objectives and expectations of the position.*
2	**Meets Expectations -**	*Overall performance meets some but not all requirements necessary to fulfill the principal duties objectives and expectations of the position.*
1	**Unacceptable**	*Overall performance fails to meet all or most of the requirements necessary to fulfill the principal duties objectives and expectations of the position.*

Operating Philosophy Evaluate HOW results are achieved consistent with the terms of the Operating Philosophy	
Operating Philosophy Elements:	**Rating**
Empowering People: *Entrusts people with the authority to make decisions, take action and accept responsibility within their job parameters in order to achieve the County's goals and expectations.*	
Training & Development: *Provides information, coaching and support which will enable employees to understand how to improve and maximize their potential.*	
Recognition & Rewards: *Acknowledges employees for their accomplishments and rewards them for their contributions and high standards of performance*	
Integrity: *Consistent adherence to County's standards, beliefs and values; "walks the talk"*	
Diversity: *Values individuals on an equal and non-discriminatory basis. Treats others fairly and equitably in every aspect of the employment relationship.*	

Exhibit 2-2 (Continued)
Final Performance Summary Document

Operating Philosophy Evaluate HOW results are achieved consistent with the terms of the Operating Philosophy	
Operating Philosophy Elements:	**Rating**
Teamwork: *Communicates and accomplishes a mutual goal through willing cooperation to achieve satisfaction for our internal and external customers.*	
Timely Decisions: *Secures and analyzes relevant information and then promptly arrives at a definitive course of action.*	
Open and Honest Communications: *Ensures accurate, honest and timely transfer of ideas and facts to those affected directly both inside and outside the organization.*	
Striving for Excellence: *Establishes benchmarks as stepping stones to next level of perfection thereby guaranteeing continuous improvement*	
Aggressive Execution: *Focuses on accomplishing goals and challenges set before you with a sense of urgency and team involvement, eliminating bureaucracy wherever possible.*	
Proactive Attitude: *Promotes the identification and development of new opportunities, encouraging action on existing opportunities, making the "impossible possible" by promoting change and aggressively seeking solutions to problems through teamwork.*	
Continuous Improvement: *The achievement of ever-lasting levels of excellence in all aspects of our County organization.*	
Innovation: *Encourages new ideas and helps support and develop these ideas into improvements in our products, processes, and dealings with our internal and external customers.*	
Comments **(Provide specific examples for elements rated 1, 2, 4, or 5)**	

COMMENDATION

The Lee County Board of Commissioners is commended for having a comprehensive performance evaluation tool in place for its County Manager.

FINDING

The Lee County Board of Commissioners is supportive of the County Manager's professional development and continuing education through his involvement with the North Carolina City/County Management Association (NCCCMA).

North Carolina has long been recognized for its tradition of using and promoting professional local government management. In turn, NCCCMA was established in 1938 and has since promoted the profession of local government management in the State. NCCCMA membership is open to local government managers and other senior-level administrators. The Association provides training, hosts conferences and workshops, and provides direct support to county and municipal managers.

Participation in the Association's various educational and social events allows members to interface with each other, share ideas, discuss best practices, and consider innovations that will enhance the operations of their respective jurisdictions. NCCCMA also enforces a code of ethics that guides the behavior and actions of North Carolina county and municipal managers.

COMMENDATION

The Lee County Board of Commissioners is commended for its support of the professional development and continuing education of the County Manager as a professional local government manager.

RECOMMENDATION

Recommendation 2-3:

Continue to support the County Manager's professional development and continuing education efforts.

The County Manager's active involvement with NCCCMA greatly enhances the County Manager's exposure to best management practices which, in turn, can lead to substantial service improvements and cost savings for the County. NCCCMA also provides a professional base of support for the Lee County Manager to assist with difficult issues facing the County as a whole as well as the County Manager on a personal level.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

2.2 ORGANIZATIONAL STRUCTURE

According to Dr. Craig W. Fontaine in his article entitled "Organizational Structure: A Critical Factor for Organizational Effectiveness and Employee Satisfaction" (Northeastern University, 2007):

> *Organizational structure is a topic seldom contemplated by most people working in organizational settings. We all go to work every day, go to assigned locations, and perform our jobs – and we don't even think about how our organization is arranged.*
>
> *However, organizational structure is critical both for a company and its employees. People should think carefully about the organizational structure of the companies for which they work or of companies for which they intend to work. In the long run, organizational structure can spell the difference between success and failure for a company, as well as for the individuals who work there.*

Graduate students in public administration programs learn there are four core management functions:

- planning;
- organizing;
- leading; and
- controlling.

The organizing function entails the process of determining what needs to be done, how it will be done, and who will do it. In this example, organizing or organizational structure, is just as important as the other core management functions, but is quite often overlooked.

Successful management of a governmental organization starts with an effective organizational structure—a structure that reinforces the overall strategic direction of the county and allows specific leaders to concentrate on the most valuable aspects of their role. Conversely, an ineffective organizational structure can hamper a local government's ability to address the needs of its citizens, plan for future growth and resource needs, and implement valuable and necessary strategic initiatives.

Organizational structure is often viewed merely as a chart in a document or, in some cases, as an obscure academic discipline only examined by management professors and graduate students. However, the structure of an organization is one of the primary keys to ensure effectiveness and efficiency. If the proper organizational structure is not in place, an organization will fail to meet its basic goals and will, in the long run, take on many dysfunctional attributes. This has been proven time and time again in both the private and public sectors.

In North Carolina, there are no specific legal requirements placed upon county governments in terms of organizational structure. The closest that North Carolina General Statutes come to mandating an organizational structure in county government is through North Carolina General Statutes 153A-76 and 153A-81. As noted earlier, North Carolina General Statute 153A-76 gives boards of county commissioners very broad authority over the organization of county

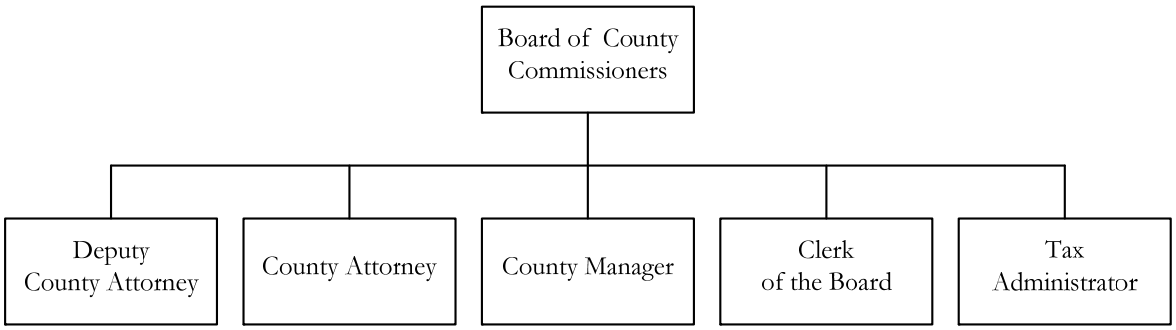
government. North Carolina General Statute 153A-81 allows boards of county commissioners to employ a county manager to oversee the day-to-day operations of county government. However, state law is silent on the specific internal organization of county government. Of the 100 counties in North Carolina, there are probably 100 different organizational structures for county government.

Lee County operates under the county manager form of government, meaning that the Board of County Commissioners has chosen to appoint a County Manager to oversee the day-to-day operations of county government. As with most North Carolina counties, the Lee County Board of Commissioners has delegated most issues related to the organizational structure of Lee County to its County Manager. This is based on the premise that, since the County Manager is responsible for carrying out the operations of County Government, he should be given the authority to design the organization in a manner that will allow for the most effective and efficient delivery of services, and is responsive to the needs of the County Government and citizens.

FINDING

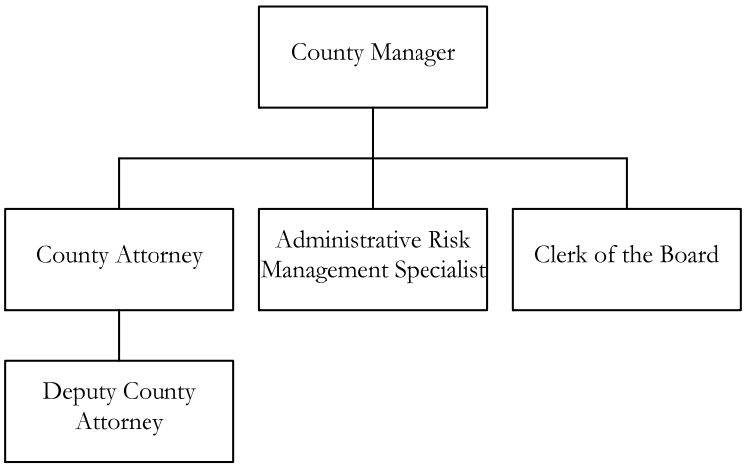
Lee County has a sample organizational chart for the overall organization and a series of accurate organizational charts for each department. **Exhibit 2-3** provides Lee County's organization-wide chart showing which positions report directly to the Board. **Exhibit 2-4** shows the organizational chart of the Lee County Manager's Office.

Exhibit 2-3
Lee County Government
Organizational Chart



Source: Lee County Government, 2011.

Exhibit 2-4
Lee County Manager's Office
Organizational Chart



Source: Lee County Government, 2011.

Lee County's organizational charts are accurate. However, in order to fully understand the organizational details and structure of the County, one must view multiple charts on multiple pages. The current charts are excellent for use in budget documents, financial reports, and planning documents. However, they are not very useful for persons needing to understand the organization as a whole.

Lee County's organizational-wide chart does not reflect budgetary and administrative relationship—both direct and indirect—with outside organizations and elected officials (e.g., Sheriff, Register of Deeds, Clerk of Court, Community College, Economic Development Corporation, Department of Social Services, Public Health, etc.). The County's connections with these officials and organizations is important in terms the delivery of public services and the allocation of public funds. Furthermore, for persons with little knowledge of the operations of county government, it is important that indirect connections be shown.

RECOMMENDATION

Recommendation 2-4:

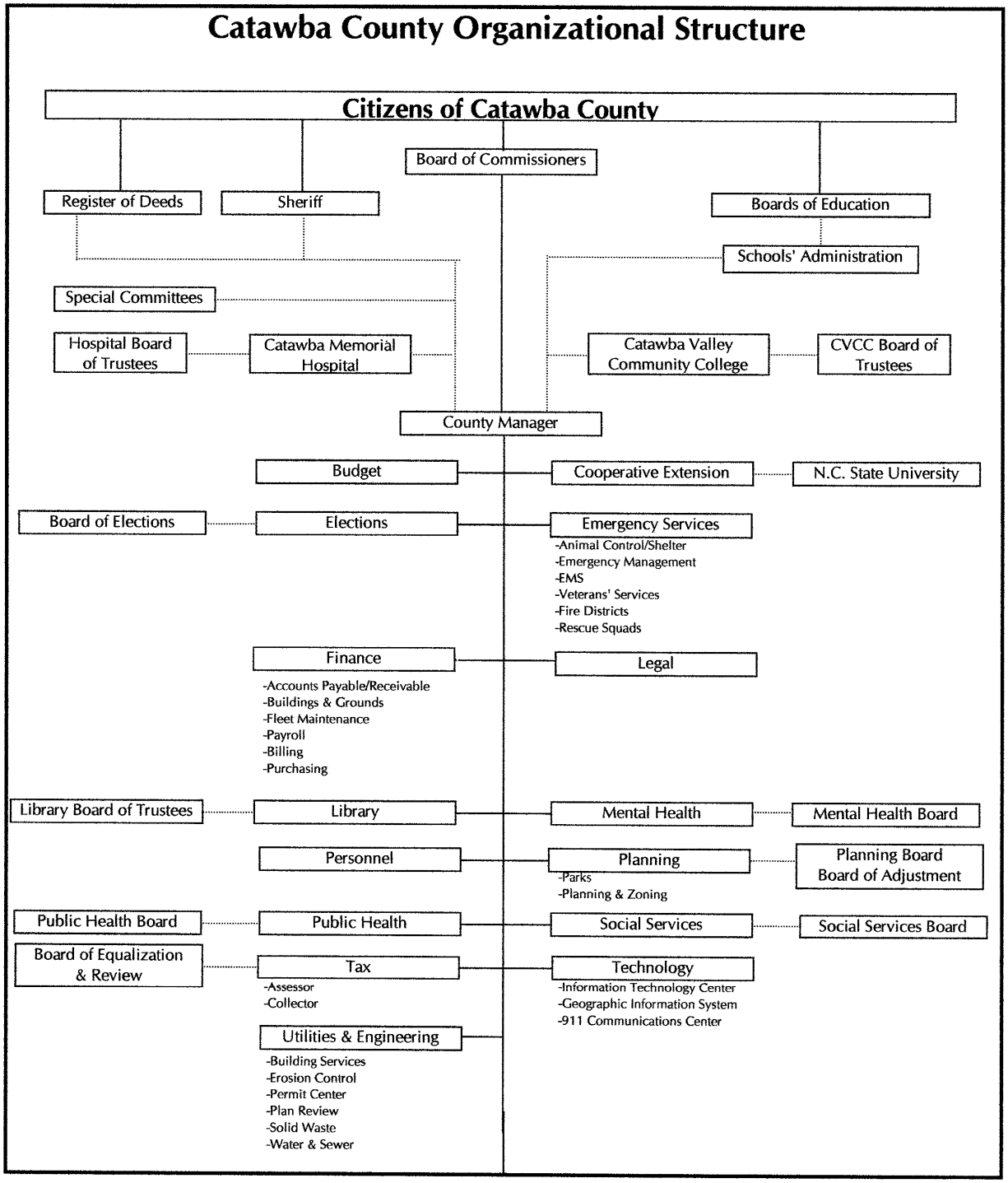
Re-create an organizational chart that details the organizational structure and reporting relationships within Lee County Government and with outside officials and organizations.

The County Manager and senior staff should develop a comprehensive organizational chart that reflects the structure of Lee County Government. **Exhibit 2-5** provides an example from Catawba County, North Carolina, of how such a chart may better reflect the County Government.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Exhibit 2-5
Catawba County Government
Sample Organizational Chart



Source: Catawba County Government, North Carolina, December 2011.

2.3 POLICIES AND PROCEDURES

The most progressive and effective local governments are those that not only have the vision to plan for their needs ahead of time, but which also clearly have a present day perspective on their activities. This is done first and foremost through diligent adherence to documented policies, procedures, and regulations governing activities. Polices ensure accountability and responsibility that is required when public funds are being spent.

Governing bodies set policies that guide the organization. Having a clear set of policies—that are current and integrated or cross-referenced to current laws, rules, and regulations and available to every staff member—is important to the overall organization of the county. Policies help the county protect itself against potential lawsuits and penalties from employees violating laws, rules, or regulations.

There is no substitute for up-to-date and well-written policies. Policies promote stability and:

- maintain continuity and consistency;
- lend legitimacy to Board actions;
- provide guidance for the County Manager;
- allow the Board and administration to operate in a more efficient manner; and
- provide the basis for a legal record.

Well-written and organized procedures guide employees in carrying out the Board policies in its various organizational units. Properly written procedures:

- implement and assure compliance with governing body policies as well as document the intent of those policies;
- protect the institutional knowledge of an organization, so that as experienced employees leave, new employees have the benefit of the others' years of experience;
- provide new employees with training; and
- offer a tool for evaluating employees based on their adherence to countywide and departmental procedures.

Administrative procedures should be formally documented, with each administrator being held responsible for creating and maintaining understandable procedures that are cross-referenced to county policies.

FINDING

Lee County does not have a Comprehensive Policy Manual. During interviews, employees and County officials referred to policies for specific activities or programs, and provided copies of these policies. However, there is not a single place where all County policies can be found.

Orange County (NC) Government has a comprehensive policy directory. **Exhibit 2-6** provides the outline of this document. This policy directory, or those developed by other North Carolina counties, could be used by Lee County to develop a Comprehensive Policy Manual.

RECOMMENDATION

Recommendation 2-5:

Develop a comprehensive Lee County Policy Manual with up-to-date and comprehensive policies.

Clear, comprehensive, and up-to-date policies should provide a framework for decisions made by the Board of County Commissioners and County Manager. Generally, a policy manual necessitates a complete comprehensive review at least every five to ten years. All policies should be adopted by the Lee County Board of County Commissioners.

FISCAL IMPACT

This recommendation can be implemented with existing resources, but will require staff time.

FINDING

Once a Policy Manual has been developed, it should be available as an electronic document on the Lee County website. Currently, policies are not published on this website.

RECOMMENDATION

Recommendation 2-6:

Develop the Policy Manual as an electronic document, and make it available to Lee County staff on the website.

The implementation of this recommendation will serve as a catalyst to create a culture of accountability within Lee County. County employees should be thoroughly knowledgeable of all policies, procedures, and regulations which affect their duties and responsibilities. This can only be accomplished when they are exposed to the policies and procedures on a regular basis.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The Board of County Commissioners and County staff have made an effort to greatly reduce the number of printed agenda packets that are created for each Board of County Commissioners meeting. However, it is possible that the number of packets being produced could be reduced further. This would save staff time, printing costs, and paper resources.

Exhibit 2-6
Orange County, North Carolina, Policy Directory
Table of Contents

Overview
Subject Index
Policy and Procedure Development
Section 1 – General Government and Administration
1.0 Guidelines for presenting at BOCC meeting
2.0 Southern Human Services Building Podium Usage Policy and Request form
3.0 Procedure for Boards to Post Agendas and Minutes to the Web
4.0 Policy Agenda Schedule, Agenda Item Abstract Form
5.0 Tobacco Use Policy
6.0 Food Service Policy
7.0 Policy Toward a Sustainable Community
8.0 Commissioner Requests for Information

Section 2 – Hazardous Weather Operations
1.0 Hazardous Weather Plan
Section 3 – Financial Services
Budget
1.0 Submitting a line item transfer or Budget Amendments
2.0 Debt Management Policy
3.0 Capital Funding Policy
4.0 Policy on Planning and Funding School Capital Projects
Purchasing and Central Services
5.0 Purchasing Manual
6.0 Fixed Asset Policy
7.0 Procedure for Voicemail
8.0 Orange County's Minority Business Enterprise (MBE) Policy
Financial Services
8.0 Travel Policy and Pro Diem Rates
9.0 Travel Authorization Form
10.0 Travel Expense Form
11.0 Temporary Employee Request Form
12.0 Temporary Employee timesheet
Section 4 – Vehicles, Facilities and Equipment
1.0 Vehicle Use Policy
2.0 Energy Conservation Policy
3.0 Vehicle Fuel Conservation Policy
4.0 Water Conservation Policy
5.0 Facility Use Policy
6.0 Public Works Work Order Form
7.0 Security of County Buildings
8.0 Cultural and Archaeological Resources Policy for Orange County Construction

Section 5 – Safety and Risk Management
1.0 Post Accident Requirements
2.0 Accident Report Form
3.0 Violence Incident Report Form
4.0 Legal Defense of County Employees and Officers

Section 6- Public Awareness and Media Relations
1.0 Press Release Request Form
2.0 Strategic Communications Plan
3.0 Orange County Ethics and Conduct for Public Servants Policy
4.0 Orange County Government Limited English Proficiency (LEP) Policy
5.0 Non-Discrimination Policy for Agencies Receiving County Funds

Exhibit 2-6 (Continued)
Orange County, North Carolina, Policy Directory
Table of Contents

Section 7– Information Technology
1.0 Appropriate Use Policy (IT.AUP.01)
2.0 Network Backup Policy (IT.NBP.01)
3.0 Network Password Policy (IT.NPP.01)
5.0 Email Policy (IT.EP.01)
6.0 New Employee IT Policy (IT.NE.01)
7.0 Equipment Relocation Policy (IT.ERP.01)
8.0 Departing Employee Policy (IT.DE.01)
9.0 Computer Allocation Policy (IT.LP.01)
Section 8 – Personnel
1.0 Orange County Personnel Ordinance

Article I - The Personnel Organization Page
1.0 Purpose
2.0 Organizations Affected
3.0 Adoption Of Rules And Regulations
4.0 Definitions
5.0 Merit Principle
6.0 Organization - County Board Of Commissioners
7.0 Organization - County Manager
8.0 Personnel Function
9.0 Personnel Records

Article II - Recruitment And Employment
1.0 Equal Employment Opportunity/Affirmative Action Policy
2.0 Sexual Harassment Policy
3.0 Recruitment And Selection
4.0 Limitation Of Employment Of Relatives
5.0 Appointments
6.0 Probationary Period
7.0 Continuous County Service
8.0 Reinstatement
Employment Resources

Article III - Conditions Of Employment
Overtime Compensation Rules and Regulation
1.0 The Work Week
2.0 Attendance Record
3.0 Overtime And The Time-Off Plan
4.0 Leave Without Pay
5.0 Outside/Dual Employment And Solicitations
6.0 Political Activity
7.0 Gifts And Gratuities
8.0 Safety, Conduct And Performance
9.0 Workplace Violence Prevention
10.0 Drug Free Workplace
11.0 Drug And Alcohol Testing
A.1 Appendix A
A.2 Appendix B

Article IV - Employee Benefits
Worker's Compensation Rules and Regulations
1.0 Worker's Compensation Leave
2.0 Social Security
3.0 Administrative Leave
4.0 Holidays And Holiday Pay
5.0 Vacation Leave

Exhibit 2-6 (Continued)
Orange County, North Carolina, Policy Directory
Table of Contents

6.0 Sick Leave
7.0 Health Insurance
8.0 Unemployment Insurance
9.0 Retirement
10.0 Petty Leave
11.0 Funeral Leave
12.0 Civil Leave
13.0 Maternity Leave
14.0 Family Leave
15.0 Military Leave
16.0 Tuition Refund Program And Educational Leave
17.0 Credit Union
18.0 Deferred Compensation
19.0 Longevity Pay
20.0 Employee Recognition
21.0 Employee Suggestions
22.0 Shared Leave
23.0 Personal Leave Days
Article V - The Pay Plan
1.0 Coverage Of The Salary Plan
2.0 Maintenance Of The Salary Plan
3.0 Transition To The New Pay Plan
4.0 Payment At A Listed Rate
5.0 Entrance At The Minimum
6.0 Salary Of Trainee
7.0 In Range Salary Increase
8.0 Meritorious Service Awards
9.0 Salary Of Reclassified Employees
10.0 Salary Of Promoted Employee
11.0 Unsuccessful Probationary Period Following Promotion
12.0 Salary Of Transferred Employee
13.0 Salary Of Demoted Employee
14.0 Salary Of Part-Time Employee
15.0 Salary Increase Maximum
16.0 Reclassification
17.0 Pay Plan In Effect
18.0 Advance Salary Policy
19.0 Living Wage
20.0 Equity/Retention Salary Adjustment

Article VI - The Position Classification Plan
1.0 Purpose
2.0 Coverage
3.0 Policy
4.0 Plan Definition
5.0 Responsibilities
6.0 Classification Of New Positions And Increase In Hours Of An Established Position
7.0 Reclassification Of An Established Position

Article VII - Employee Performance Evaluation Program
1.0 Purpose
2.0 Policy
3.0 Procedure

Article VIII - The Appeals Process and the Grievance Procedure Page
1.0 Purpose
2.0 Policy
3.0 Procedure
4.0 Personnel Advisory Board

Exhibit 2-6 (Continued)
Orange County, North Carolina, Policy Directory
Table of Contents

Article IX - Separation and Disciplinary Action
1.0 Purpose
2.0 Policy
3.0 Procedure
4.0 Disciplinary Action
5.0 (Hold For Later Issue)
6.0 Employee Appeal Of Disciplinary Action
7.0 Exit Interview
A.1 Appendix 1 Required Disciplinary Action Process
A.2 Appendix 2 Guides For Work Performance And Personal Conduct

Source: http://server1.co.orange.nc.us/manager/index.asp, 2011.

Many local governments across the nation, both large and small, have migrated to paperless agendas. These jurisdictions supply elected officials with laptop computers that can be used during meetings to view agenda packets and items. Due to the limited number of printed packets being produced, it would not be cost effective for the County to purchase laptops computers for Commissioners. However, it is possible that for Commissioners who have access to laptop computers to receive only electronic agenda packets. This would result in a very minimal cost savings to the County.

RECOMMENDATION

Recommendation 2-7:

Develop a plan to provide electronic agenda packets to Commissioners with access to laptop computers.

The County Manager and senior staff should work with Commissioners who have access laptop computers to develop a plan to move away from paper agenda packets to an electronic format.

FISCAL IMPACT

A cost savings of $200 in duplication costs is being estimated.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Promote Use of Laptops	$200	$200	$200	$200	$200

FINDING

During interviews with administrative staff it was noted that the Lee County Clerk devotes quite a bit of time to preparing agenda packets for meetings of the Board of Commissioners. This is a common consumer of time for county clerks in North Carolina. However, it was also noted that this time requirement could be reduced in Lee County if department heads are required to abide by the established procedure of submitting agenda packet materials in a timely manner.

RECOMMENDATION

Recommendation 2-8:

Emphasize and hold department heads accountable to the procedure and deadline for submitting agenda packet materials.

The process of assembling and printing agenda packets for a public body can be extremely time consuming and, in many cases, inefficient—items are added at the last minute, items are sometimes removed, and the order of business may be adjusted. In order to make the process as orderly and efficient as possible, it is important all persons submitting items to be included in agenda packets understand and comply the submission process and, most importantly, the submission deadlines. This will not totally eliminate last minute submissions or changes, but will result in a much more efficient and effective process for creating meeting packets.

FISCAL IMPACT

This recommendation will result in a minimal direct cost savings, but will allow the County Clerk to use her time in a more efficient manner.

FINDING

Lee County Government has an innovative system in place to evaluate the performance of County employees. The County has three-step evaluation system in place through which all employees meet with their supervisors to discuss performance issues—both positive and negative—at least three times per year. It is rare for a County in North Carolina to have such a comprehensive evaluation system.

COMMENDATION

The County Manager is commended for having an innovative performance review system.

2.4 STRATEGIC PLANNING

At its core, the most critical component to organizational success in the new governmental environment is effective strategic planning. Simply defined, strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy, including its capital and people.

New approaches to management in the public sector are imperative as governments grow in the new millennium. Market dynamics have created challenges for public organizations, with the emergence of the global economy, advances in technology, increased societal demands, and the need to provide more social services with fewer resources. In addition, a widespread desire for increased organizational scrutiny has increased the pressure for change, given more accessible globalized information systems, and heightened media attention critical of government inefficiencies in service delivery. Response mechanisms have emerged within the private market to meet these recent challenges, but government organizations have been slower to respond. This

is understandable, given fiscal constraints and the bureaucratic process axiomatic to governments. However, a new approach, which incorporates modern strategic planning and management tools, is necessary for the public sector to achieve improved performance and overall service quality.

The guiding principles in any strategic planning process, whether in the public or private sector, are about understanding what changes are needed, how to implement and manage these changes, and how to create a roadmap for sustaining improvements that lead to better performance. The difficulty in strategic planning is the challenge of laying a foundation for success in the future while meeting today's challenges.

The primary tools available to organizations—for understanding, implementing, delivering and managing services and change—are outlined in **Exhibit 2-7**. The diagram presented is a brief overview of a common public sector strategic management model (with the addition of change management tools) used in the strategic planning process. This exhibit provides a dynamic method—not just a planning model—for evaluating the success of public sector organizations in meeting customer demands in the new public management.

The application of this model helps to identify the components for success and the capabilities of an organization in its strategic planning. As illustrated, the first step is information gathering, which identifies key market, industry, and internal organizational trends and opportunities that will impact the organization ("market", in the public sector context, refers to all relevant stakeholders).

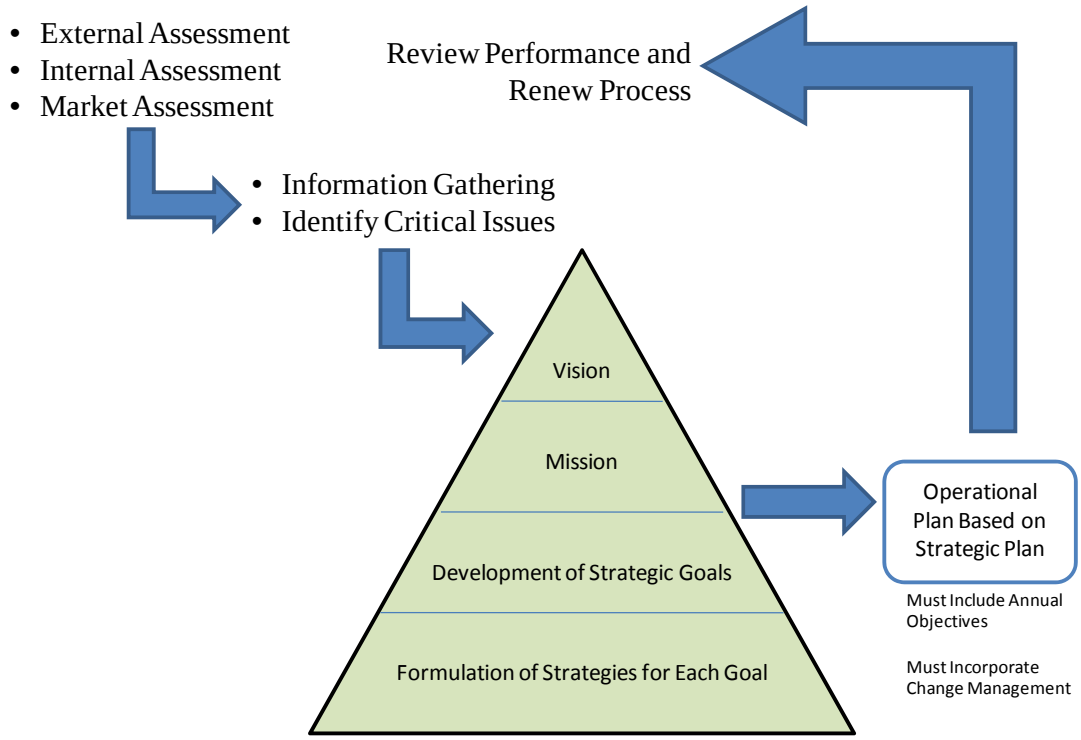
The organization's ability to respond to these critical strategic issues and challenges is manifest in its vision and the mission statement describing what the organization does, with/for whom it does it, its distinctive competence, and why the agency does it. The strategic goals and specific strategies for achieving these goals should be formulated in an operational plan that also addresses change management issues. From this point, a review of this process and performance should be ongoing.

FINDING

Lee County Government does not have a five-year strategic plan that is linked to the budget process for the Board of County Commissioners and County Management. Consequently, decisions are often made by the Board of County Commissioners based on insufficient or incomplete information, or on who can "shout the loudest." Without a comprehensive multi-year plan, departments are put into a competitive atmosphere—they are forced to compete with their own counterparts for the scarce resources available.

Based on research and interviews, Evergreen found that Lee County has never fully undertaken nor implemented a strategic plan. The County has undertaken strategic programs and some strategic planning for specific services. Some departments such as the County's Transportation Authority and many of the County's human services divisions do have strategic plans in place as required by federal and state regulations. However, these plans are not comprehensive in scope and certainly do not consider the plan for the entire County.

Exhibit 2-7
Overview of Strategic Planning Process



Source: Created by Evergreen Solutions from Bryson, John M., Strategic Planning for Public and Nonprofit Organizations.

When considering undertaking the process of developing a strategic plan, the Board of Commissioners and senior leadership should keep in mind the following statement that is often associated with strategic planning—if everything is a priority, nothing is a priority. At its most basic point, undertaking a strategic planning process will enable the Board of Commissioners to set priorities for the County. It was noted during interviews that, many times, the Board of Commissioners and, in turn, staff reacts to issues. This leads to situations where actions are taken and policies are implemented based on short-term, immediate situations. A strategic plan would allow for these issues to be placed into the context of the long-term goals and priorities of Lee County. In turn, the decision-making process for the Board of Commissioners will be greatly enhanced.

RECOMMENDATION

Recommendation 2-9:

Develop a comprehensive five-year Strategic Plan for Lee County Government.

Lee County's lack of a comprehensive strategic plan is at the core of the many issues facing the County. The lack of true direction, staffing priorities, and organizational mission all relate back to a vacuum created by the lack of a comprehensive strategic plan. As noted, if everything is a priority, nothing will be a priority—a strategic plan will assist Lee County in setting priorities.

Initiating the planning process correctly is both critical and challenging. A helpful resource to initiate the process is described in the book *Balanced Measures for Strategic Planning: A Public Sector Handbook* by Kathleen Monahan. It might be advisable to first bring the key stakeholders together (County Commissioners, County leaders, department heads) and have them read this publication—to ensure that everyone is working from the same perspective. It is critical that the Board of County Commissioners participates in the process.

The strategic plan should have both a macro-level approach (countywide) while incorporating micro-level subcomponents (department level). At the department level, specific staffing models are critical to ensure that each department is properly equipped to carry out the objectives set forth. The key to success is in establishing the plan—as well as the process itself—as a living and dynamic initiative through which implementation can be clearly demonstrated.

Exhibit 2-8 shows the Montgomery County, North Carolina's Strategic Plan Executive Summary and the organization of the document. This exhibit is included as a reference guide.

FISCAL IMPACT

This recommendation can be implemented with existing resources; however, staff time will be needed. If outsourced, the cost would be approximately $20,000.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Develop Strategic Plan for Lee County Government	($20,000)	$0	$0	$0	$0

2.5 LEGAL SERVICES

The laws of North Carolina, specifically North Carolina General Statute 153A-114, require that all 100 boards of county commissioners appoint a county attorney. Like county managers, county attorneys serve at the pleasure of their respective boards of county commissioners. County attorneys serve as the primary legal advisors for boards of commissioners, and work to ensure that all county activities, operations, and services are carried out and provided in a legal manner. County attorneys ensure that laws enacted by boards of commissioners meet guidelines established by North Carolina General Statutes. County attorneys also provide legal advice, legal review services, and recommendations to county managers, department heads, and senior management and administrative staff. In the majority of cases, communications between county attorneys and county officials are protected by the attorney-client privilege.

Several options exist for counties to secure legal representation. Many counties in North Carolina contract for legal/county attorney services. In these counties, county attorneys are usually independent lawyers or are members of law firms and work for their counties on an hourly basis or through a retainer agreement. Other counties have permanent, full-time legal representation. In these counties, county attorneys are full-time, salaried county employees working for and reporting to the boards of the county commissioners. In some cases, county attorneys report to county managers on a day-to-day basis, but still officially work for and are

Exhibit 2-8
Montgomery County, North Carolina Strategic Plan
Executive Summary & Organization of Document

Executive Summary

The purpose of this Montgomery County Strategic Plan is to provide strategic direction, accountability and focus for the Board of County Commissioners, County Manager and County Departments for the next five years. The plan also will serve as a communication tool between the citizens of Montgomery County and their government. The plan can be edited as needed and should be reviewed completely annually.

The Montgomery County Board of Commissioners met on January 13 and 14, 2009 with support from the County Manager and the County Clerk to create a mission statement, goals and objectives that would provide leadership for Montgomery County government during 2009-2010 and for the next five years. The Aycock Group was engaged to facilitate the strategic planning process. The County Manager, county staff and other experts provided data for the retreat.

The central theme of the Board's planning is planning for the long term instead of finding ways to create *"quick fixes"*. There are many goals and objectives that require long term analyses, studies and plans covering many different subjects with the aim of finding cost savings and increased benefits. *The Board's goals and objectives focus on the following priorities:*

- Ensuring financial and management accountability
- Addressing long term water and sewer needs
- Creating a facilities plan including increasing energy efficiency
- Encouraging broad participation in economic development efforts
- Incorporating state of the art technology/computer systems throughout the county
- Developing a comprehensive public safety plan
- Collaborating on education issues
- Addressing land use planning
- Developing a long term recreation plan

The Montgomery County Department Heads, with support from the County Manager, met on February 3, 2009, completed the mission statement, and developed strategies that addressed how the Board's goals and objectives could be met. After the retreat, the County Manager and The Aycock Group also met with all Department Heads to add measures and to clarify strategies for the Board's goals. Supporting goals, objectives, and strategies were added for departments who are essential for the implementation of the strategic plan and the Board's vision, but not listed specifically in the Board's objectives.

The Board of County Commissioners believe that Montgomery County Government should have an attitude of being *"open for business"*. This is an attitude that is shared by the County Manager, county staff, and other professionals who serve the community. There is also a belief that through unity and cooperation of citizens, Montgomery County can be a place of "*A Golden Opportunity*."

The Organization of This Document

Section I

Section I is the Montgomery County Strategic Plan. The Strategic Plan consists of Goals and Objectives that the Board of County Commissioners established with the support of the county manager and strategies that departments developed in order to meet the objectives**.** Goals are defined in this plan as the long term impact desired. Objectives are more measurable impacts needed to accomplish the goal. Strategies answer the question how? How will the objectives and thus the goals be accomplished?

Section II

Section II consists of goals, objectives and strategies for departments that support The Strategic Plan. These goals, objectives and strategies were created with support from the county manager and are critical and essential to supporting the strategic plan and to the functions of the county.

Section III

Section III consists of the appendixes. The Health Department and Department of Social Services appendix are extracts from existing documents. The Cooperative Extension appendix consists of information that was extracted and condensed.

Source: Montgomery County, North Carolina, 2011.

appointed by their boards of commissioners. It is becoming more and more common for North Carolina counties to have full-time legal representation on staff. This is a reflection of the complex bureaucratic and legal environment in which counties must now operate.

Although North Carolina General Statutes do not list a set of specific responsibilities for county attorneys, there are some generally-accepted duties assigned to these attorneys. Some of these duties include:

- attending meetings of the Board of County Commissioners;
- routine consultation with county commissioners, the County Manager, and department heads;
- drafting ordinances and resolutions;
- drafting and/or reviewing contracts and agreements;
- preparing standard legal documents; and
- preparing legal advertisements.

It is becoming very common for county attorneys to work with legal issues surrounding the provision of human services through departments of social services and public health. In fact, many county attorneys spend the majority of their time working on issues related to these services. It is also very common for counties with full-time attorneys to contract with outside lawyers or law firms for specific legal services—law suits, human service issues, and economic development—just to name a few.

The Lee County Board of Commissioners has appointed a full-time County Attorney who reports to the County Manager on a day-to-day basis. Kenneth R. Hoyle, Sr. served as the Lee County Attorney for 51 years and retired December 31, 2011. W. Dale Talbert had been serving as the County's Deputy County Attorney and was named County Attorney upon Mr. Hoyle's retirement. The Board of County Commissioners established the Deputy County Attorney position in 2010 to allow for time to acclimate the Deputy to Lee County Government prior to the retirement of Mr. Hoyle. It was understood that the Deputy County Attorney would be temporary until the retirement of Mr. Hoyle. In February 2012, Mr. Hoyle will return to service with County and will work up to 18 hours per week in the County Attorney's Office.

FINDING

In 2010, the Board of Commissioner implemented a plan to help the County prepare for the retirement of the long-time County Attorney. This plan temporarily established the Deputy County Manager's position. In developing the budget for the 2011-12 fiscal year, the Board of Commissioners and County staff planned for the retirement of the County Attorney and for appointing the Deputy as County Attorney. The 2011-12 budget included funds for one-half of the year for the Deputy County Attorney position plus a small amount of funds for part-time work by the former County Attorney, This action resulted in a total savings of $129,264.

Labor has been divided between the County Attorney and Deputy County Attorney based on type of work. For the most part, the County Attorney has taken care of general government legal services, working with policy development issues, providing assistance to outside boards such as the Economic Development Corporation, and providing recommendations to the Board of County Commissioners and the County Manager. The Deputy County Attorney has also been involved with general government activities, but has also spent about 25-percent of work time supporting Lee County Department of Social Services, specifically Adult Services, Child Services, Child Support, and Program Integrity. It was also noted that both the County Attorney and Deputy County Attorney devoted considerable time to general administrative and clerical work associated with requests for public information, court filings, contract revision and performing general research for departments.

A succession plan was put in place to address the transition in legal services and savings occurred in the 2011-12 fiscal year budget to reflect the change in the staffing level.

COMMENDATION

The Board of Commissioners and Lee County staff are commended to taking proactive step to address the retirement of the long-time County Attorney.

FINDING

During the past year, with the addition of a second attorney in the County Attorney's Office, requests for general legal research and legal advice from county departments greatly increased. Many of the questions and requested being brought to the County Attorney's Office can be researched and drafted at the department level and only taken to the County Attorney's Office for review.

RECOMMENDATION

Recommendation 2-10:

Require legal research and document drafting to be initially done at the department level.

The vast majority of department head and division managers are extremely knowledgeable in terms of the statutes and policies regulating the services for which they are responsible. In fact, most of these individuals, in certain circumstances, understand these regulations much better than most attorneys. For example, a finance director probably understands North Carolina's Local Government Budget and Fiscal Control Act much better than the county attorney. Therefore, it is entirely appropriate for legal research and other legal work to be initially done at the department level. By no means, does this imply the County Attorney should be bypassed completely. However, it does mean that item should be thoroughly researched and understood prior to bringing in the County Attorney.

FISCAL IMPACT

This recommendation will result in an indirect cost savings for the County Attorney's Office and can be implemented with existing resources from other departments. More importantly, the recommendation will result in time savings.

CHAPTER 3:
FINANCIAL MANAGEMENT

3.0 FINANCIAL MANAGEMENT

Counties with sound financial management effectively use limited resources to support services. Resources available from all sources must be maximized and counties must account for use of these resources accurately to local taxpayers, and state and federal governments. Effective purchasing programs provide counties with quality materials, supplies, services and equipment in a timely and efficient manner at the lowest price. Sound accounting must reduce the risk of lost assets and ensure their appropriate use. A county must provide its County Board of Commissioners and administrators with timely, accurate and useful reports concerning its financial condition. Effective financial management ensures that internal controls are in place and operating as intended, technology is maximized to increase productivity, and reports are prepared timely and accurately.

County financial managers (like their counterparts in other governmental entities) must collect, analyze, and provide financial information for decision makers. Successful financial operations require qualified personnel with an adequate separation of duties, as well as an accounting system that provides timely, useful, and accurate information to support operating decisions. Comprehensive policies and procedures that ensure proper management of financial resources are important.

This chapter reviews the financial management, purchasing, asset and risk functions of the Lee County Government. The chapter is organized into four sections:

3.1 Organization and Financial Management
3.2 Budgeting
3.3 Purchasing
3.4 Risk and Asset Management

Lee County Government selected seven peer counties for comparison purposes for this audit. The peer counties are Chatham, Franklin, Granville, Harnett, Rutherford, Stanly, and Surry. **Exhibit 3-1** compares Lee County's population, total expenditures, and per capita expenditures for 2010 to the peer counties. Lee's population of 57,866 was less than any of the peers and 11,966 less than the peer average. Total expenditures for Lee County were the second lowest of the peers with only Granville lower. Two peer counties had per capita expenditures lower than Lee County while four had per capita expenditures more than Lee.

Exhibit 3-2 shows Lee's per capita revenue by source from 2006 to 2010 and the percent of increase or decrease between 2006 and 2010. As can be seen, total revenue per capita increased by 37.7 percent from 2006 to 2010. Property taxes, other taxes, and intergovernmental revenue all increased between 2006 and 2010 while sales tax and sales and services decreased.

The percentage of revenues by source for 2006 to 2010 is shown in **Exhibit 3-3**. As can be seen, the percent of total revenue that property taxes provided increased from 55.1 percent in 2006 to 58.5 percent in 2010. Sales tax accounted for 16.8 percent of total revenue in 2006 and decreased to 12.0 percent in 2010. Intergovernmental revenue increased from 15.2 percent of total revenue in 2006 to 18.3 percent in 2010.

Exhibit 3-1
Peer Comparisons for Population, Total Expenditures, and Per Capita Expenditures
July 1, 2009 and 2010 Expenditures

County	Population (as of July 1, 2009)	Total Expenditures 2010	Per Capita Expenditures 2010
Lee	**57,866**	**$64,839,002**	**$1,120.50**
Chatham	63,505	$119,140,309	$1,876.08
Franklin	60,619	$89,143,957	$1,470.56
Granville	59,916	$53,283,146	$889.30
Harnett	114,678	NA	NA
Rutherford	67,810	$67,852,506	$1,000.63
Stanly	60,585	$69,934,608	$1,154.32
Surry	73,673	$106,136,983	$1,440.65
Average	**69,832**	**$81,475,787**	**$1,278.86**

Source: North Carolina Department of State Treasurer, 2011.

Exhibit 3-2
Per Capita Revenues by Source in Lee County
2006 to 2010

Revenue Source	Amount Per Capita					Percent Increase (Decrease) 2006 to 2010
	2006	2007	2008	2009	2010	
Property Taxes	$580	$582	$623	$630	$621	7.1%
Other Taxes	$43	$46	$53	$47	$47	9.3%
Sales Tax	$176	$192	$200	$157	$127	(27.8%)
Sales & Services	$59	$58	$68	$57	$54	(8.5%)
Intergovernmental	$160	$173	$185	$203	$194	21.3%
Debt Proceeds	$0	$529	$0	$28	$387	N/A
Other Miscellaneous	$33	$52	$44	$26	$17	(48.5%)
Total	**$1,051**	**$1,632**	**$1,173**	**$1,148**	**$1,447**	**37.7%**

Source: North Carolina Department of State Treasurer, 2011.

Exhibit 3-3
Percent of Revenue by Source in Lee County
2006-2010

Revenue Source	Year				
	2006	2007	2008	2009	2010
Property Taxes	55.1%	52.9%	53.1%	56.3%	58.5%
Other Taxes	4.1%	4.1%	4.5%	4.2%	4.5%
Sales Tax	16.8%	17.4%	17.1%	14.0%	12.0%
Sales & Services	5.6%	5.2%	5.8%	5.1%	5.1%
Intergovernmental	15.2%	15.6%	15.8%	18.1%	18.3%
Other Miscellaneous	3.2%	4.7%	3.7%	2.3%	1.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: North Carolina Department of State Treasurer, 2011.

The percent of expenditures by object of expense for Lee County and the peer counties is shown in **Exhibit 3-4.** The percent of total expenditures expended for capital outlay of 2.5 percent is the second least of peer counties with only Rutherford's percentage being less. Lee County's percentage for public schools current of 23.1 percent was the second highest of the peer counties and 6.0 percentage points higher than the peer average. The percentage expended for public schools capital of 6.3 percent is 6.2 percentage points lower than the peer average.

Exhibit 3-4
Percent of Expenditures by Object of Expense
in Lee County and Peer Counties
2010

	Object of Expense						
County	**Salaries and Wages**	**Capital Outlay**	**Other Operating**	**Public School Capital**	**Public School Current**	**Other**	**Total**
Lee	**22.8%**	**2.5%**	**38.3%**	**6.3%**	**23.1%**	**6.9%**	**100.0%**
Chatham	14.8%	6.9%	32.2%	14.6%	19.6%	11.8%	100.0%
Franklin	20.2%	4.8%	43.5%	17.6%	12.9%	0.9%	100.0%
Granville	28.9%	7.3%	35.2%	4.3%	23.2%	1.1%	100.0%
Harnett	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rutherford	22.6%	2.4%	48.6%	3.6%	17.9%	4.9%	100.0%
Stanly	23.5%	5.5%	45.1%	8.8%	14.7%	2.4%	100.0%
Surry	21.8%	7.3%	30.1%	21.7%	12.3%	6.8%	100.0%
Average	**21.2%**	**5.5%**	**38.1%**	**12.5%**	**17.1%**	**5.7%**	**100.0%**

Source: North Carolina Department of State Treasurer, 2011.

Exhibit 3-5 compares the percent of expenditures by function for Lee County and the peer counties. As can be seen, Lee County expends 33.7 percent of total expenditures for education compared to the peer average of 31.3 percent. Lee County expends the second highest percent of human services and the lowest percent of total expenditures on public safety of any of the peer counties which is 4.4 percentage points less than the peer average.

Exhibit 3-5
Percent of Expenditures by Function
in Lee County and Peer Counties
2006-2010

	Function						
County	**Education**	**Debt Service**	**Human Services**	**General Government**	**Public Safety**	**Other**	**Total**
Lee	**33.7%**	**11.1%**	**20.8%**	**10.2%**	**13.9%**	**10.4%**	**100.0%**
Chatham	40.3%	7.9%	14.4%	7.1%	15.1%	15.1%	100.0%
Franklin	30.9%	11.2%	18.0%	4.5%	20.4%	14.9%	100.0%
Granville	28.6%	10.6%	17.3%	9.0%	21.2%	13.4%	100.0%
Harnett	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rutherford	24.4%	16.0%	19.7%	8.6%	21.5%	9.8%	100.0%
Stanly	25.6%	5.9%	21.0%	9.0%	20.1%	18.4%	100.0%
Surry	35.9%	7.1%	19.9%	8.5%	15.7%	12.9%	100.0%
Average	**31.3%**	**10.0%**	**18.7%**	**8.1%**	**18.3%**	**13.6%**	**100.0%**

Source: North Carolina Department of State Treasurer, 2011.

The percentages expended by function for Lee County between 2006 and 2010 are shown in **Exhibit 3-6**. As can be seen, between 2006 and 2010, the percent expended on education increased by 4.0 percentage points and human services decreased by 4.8 percentage points. The percent expended on public safety increased 1.8 percentage points and general government decreased by 1.3 percentage points.

Exhibit 3-6
Total Expenditures by Function
in Lee County
2006-2010

Function	Year					Percentage Point Increase (Decrease) Between 2006 and 2010
	2006	2007	2008	2009	2010	
Education	29.7%	38.5%	38.9%	36.4%	33.7%	4.0%
Debt Service	10.1%	8.4%	9.0%	10.2%	11.1%	0.9%
Human Services	25.6%	23.3%	20.1%	20.9%	20.8%	(4.8%)
General Government	11.5%	9.6%	9.1%	10.2%	10.2%	(1.3%)
Public Safety	12.1%	10.6%	11.4%	12.7%	13.9%	1.8%
Other Total	11.0%	9.5%	11.5%	9.7%	10.4%	(0.6%)
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**0.0%**

Source: North Carolina Department of State Treasurer, 2011.

3.1 ORGANIZATION AND FINANCIAL MANAGEMENT

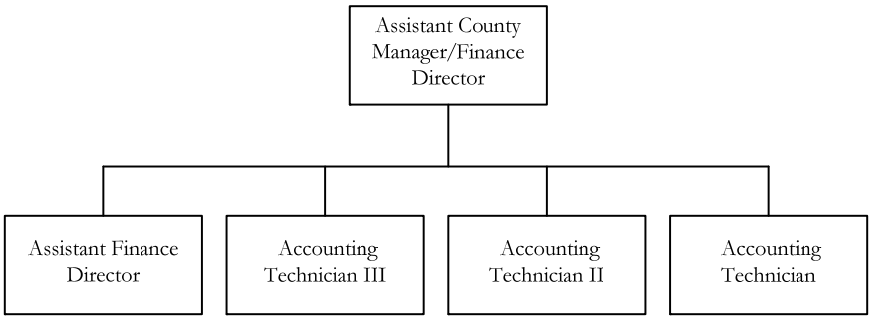
County financial managers collect, analyze, and provide information to county decision makers. Successful financial operations require qualified personnel with an adequate separation of duties, an accounting system that provides timely and useful information on which to base operating decisions and comprehensive policies and procedures that ensure proper management of the county's fiscal resources. Payroll is a major part of any county, since it normally represents the bulk of the expenses.

The organization chart for the Lee County's Finance Department is shown in **Exhibit 3-7**. Lee County's financial operations are under the direction of the Finance Director who is assisted by a staff composed of only four other county employees. In addition to the Finance Director, the Finance Department employees an Assistant Finance Director, Accounting Technician III, Accounting Technician II and an Accounting Technician.

FINDING

The County's financial audit report has for over five years received unqualified opinions from the audit firm contracted to perform the annual audit. An unqualified opinion indicates that the data included in the report are accurate and can be relied upon for decision making. In the normal course of conducting annual audits, certain items often come to the attention of the auditor when a deficiency in internal controls or other situations exist which they relay to a county in management letters. The auditor has not identified any deficiencies in the last several years, and thus Lee County has not received a management letter pointing out any deficiencies that need to be corrected.

Exhibit 3-7
Lee County Finance Department
Organizational Chart



Source: Lee County Government Finance Department, December 2011.

COMMENDATION

Lee County Government, and specifically its Finance Director, are commended for audit reports that have received unqualified opinions and for financial processes that have not received management letter comments.

FINDING

A primary responsibility of the Lee County's Finance Department is to produce accurate and understandable financial documents. For financial reports to be useful, the Board of County Commissioners, community, and other readers must have confidence that the financial data presented in the reports are accurate and for the information to be useful, it must be easily understood.

The County's annual comprehensive financial report for the year ended June 30, 2010 received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting. This was the 14th consecutive year Lee County has achieved this award. In order to be awarded a Certificate of Achievement, a county must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirement.

The GFOA established its financial reporting award program in 1945 "to recognize and encourage excellence in financial reporting by state and local governments." To receive recognition from the GFOA, governments must submit comprehensive annual financial reports that meet requirements in the following areas:

- reporting in conformity with generally accepted accounting principles;
- compliance with finance-related legal and contractual provisions;
- completeness and clarity of transmittal letter and statistical section;
- use of standardized terminology and formatting conventions;
- thorough disclosure and sufficient detail;
- minimizing ambiguities and potential for misleading inferences;
- cohesiveness and internal consistency;

- implementation of prior year comments and suggestions for improvement; and
- reader appeal.

COMMENDATION

The Lee County Finance Department is commended for its comprehensive annual financial reports that have received awards for 14 consecutive years.

FINDING

Purchasing and accounts payable documents are scanned by Finance Department staff. The Finance Department implemented and began using Laser Fiche scanning software in January 2009. To reduce the necessity for maintaining hard copy documents and the need to provide space for purchases requisitions, purchase orders, contracts, invoices and expenditure documents are scanned once procedures for processing the documents are completed. Discussions have also been conducted about the possibility of having departments scan purchasing and related documents, and send the documents electronically to the Finance Department.

COMMENDATION

The Lee County Finance Department is commended for implementing scanning software to reduce the need to retain hard copy purchasing and accounts payable documents.

FINDING

Cross-training staff to enable them to complete key functions is critical to help ensure functions (such as payroll and payments) can proceed uninterrupted when the employee assigned those duties is away from work unexpectedly. Staff in the Finance Department have been cross-trained so that at least two employees can process the County's payroll, payments to vendors, and reconciliations of bank accounts when the employee assigned the primary responsibility is not at work.

COMMENDATION

The Lee County Finance Department is commended for cross-training its staff in the important functions of payroll, vendor payments, and bank account reconciliations.

FINDING

Lee County requires all employees to be paid through direct deposit, so that employees do not receive paychecks, but rather have their net pay deposited directly into their bank accounts every pay day. This policy results in efficiencies for both the Finance Department and for employees. An efficient direct deposit program not only reduces the number of checks printed and stored, but also eliminates stolen checks, reduces errors, simplifies account reconciliation, and increases productivity due to employees spending less time away from work to cash or deposit a payroll check.

COMMENDATION

Lee County Government is commended for its mandatory direct deposit policy for paying employees.

FINDING

Lee County does not have written desk procedures that document the important daily duties of the Finance Department staff. Although staff have been cross-trained in a number of critical functions, should a staff member be absent from work for an extended period of time, it would be difficult for Lee County Government to complete all its finance-related responsibilities in a timely manner.

For internal controls to operate effectively, employees need a documented reference source detailing how they perform their assigned duties. An employee desk manual is in much more detail than a procedures manual and is basically a step-by-step written document approved by management that describes how employees are expected to complete their individual assignments. Detailed desk procedures facilitate cross-training of employees and training of new employees since they provide the step-by-step instruction needed to perform tasks. This increases internal control by helping to ensure processes are performed correctly.

Without written directions, many times employees complete their duties based on verbal directions that were often received quite some time ago and may have changed. Additionally, without a written reference, employees often improvise and develop their own ways to complete tasks. Processing transactions in an unapproved manner often leads to errors.

A desk procedures manual covers the activity steps in sufficient degree of detail that enables an individual who uses it for the first time to perform the steps with little, if any, additional instruction. It is important to list specific forms used, computer screens accessed, and fields on the screen in which information is entered, as well as identifying other positions that supply information for the procedure.

RECOMMENDATION

Recommendation 3-1:

Develop desk procedures for important Finance Department responsibilities, continue to cross-train staff, and formally designate back-up responsibilities for each staff member.

Developing desk procedures that provide detailed steps on how to complete finance-related responsibilities will help ensure information is available to staff who are called upon to perform the duties of another employee who is away from work. Procedures will also provide a readily available source for guidance for training new employees should the need arise. Completing cross-training and assigning back-up responsibilities for all key functions will make it clear as to who is to perform those functions when the staff member assigned the duties is away from work.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The County's personnel and payroll data are maintained in the same system with both Human Resources and Finance Department payroll staff having access to data fields in the system. Both security and internal control weaknesses exist with this type of operation.

Human resources staff establish positions within the system, enter data pertaining to new employees, change data for existing employees, and enter information when employees terminate. Hard copies of entries made into the system by human resources staff are forwarded to payroll staff where data entries are checked for accuracy and correctness of payroll impacted coding. Payroll staff indicated that corrections to human resources information are sometimes corrected by payroll staff rather than identifying the errors for human resources to correct as is the standard procedure for separation of duties for internal control purposes. All information entered by staff of either department immediately updates employee records in both the human resources portion of the system and the payroll portion of the system.

Separation of duties is a key component of an effective internal control system. Segregation of duties and access to human resource and payroll systems are especially critical due to the sensitive nature of information and the ability to make unauthorized entries into the systems. Providing the opportunity for employees to make unauthorized changes to employee records places Lee County in potentially a serious liability position and severely impacts the integrity of the security of employee personnel and payroll data.

Human resources and payroll systems that contain proper security and internal controls provide a partition between the two systems. Only information needed to process employee payrolls is passed from the human resources system to the payroll system. Access to data contained in either system is restricted to only staff that have a specific need to access the data. Certain employee information contained in the human resources and payroll systems is confidential and must be protected from unauthorized access and distribution. Proper internal controls require that accessibility to critical human resources and payroll data be restricted to only authorized individuals. Payrolls are calculated each month using data maintained in the payroll module and changes to these data must be restricted to ensure accurate payrolls are processed for County employees. The ability to access and to make changes to the data by individuals not authorized to make changes can cause errors in employee payrolls.

Since both human resources and payroll staff can make changes to employee salary and benefit information, inappropriate changes can be made to employee records and go undeleted for an extending period of time or not at all.

RECOMMENDATION

Recommendation 3-2:

Modify human resources and payroll systems to provide a partition between the two systems and allow access to only specific employees needing the data to complete their assigned job duties.

Lee County should modify the human resource and payroll systems by providing a partition between the two so access to critical information can be restricted to only those employees in each department needing access. This action will greatly improve internal controls and security. Providing access to the human resources portion to only human resource staff, and to the payroll portion to only payroll staff, will also greatly improve security and internal control.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

Lee County Government as a number of interlocal agreements with the City of Sanford. Many of which have been in existence for a number of years and have not been updated resulting in the terms of the agreements to expire.

Agreements with the City of Sanford include agreements for:

- downtown parking lots;
- building inspections;
- board of alcoholic beverage control;
- animal control;
- airport commission;
- rental agreement – EDC building;
- shard repeater for fire dispatch;
- geographic information system;
- rental agreement – marketplace building;
- 9-1-1 services;
- parks and recreations;
- planning/community development;
- tax collections; and
- water and sever contracts.

Many of these agreements are for performing shared services whereby either the County, City or Town reimburses the other for providing a service. As many of the agreements are a number of years old, the amounts that are to be reimbursed per the agreements may not be fair to the parties.

Shared services is a process that involves centralizing functions that most times were once performed in separate entities. Service sharing is recognized as an innovative way that many times can lower operating costs and improve overall performance. Sharing a service provides the opportunity to reduce redundancy and inefficiencies by sharing personnel and investments with others. Entities that participate in shared service arrangements can cut costs while improving the quality of the services shared. In addition, counties and municipalities that implement shared services normally enjoy significant cost savings.

Although almost any administrative or support function could be performed on a shared basis, each entity is still responsible for ensuring that its needs are met, responsibilities fulfilled, and the services are provided at a cost that is in the best interest of its taxpayers. Sharing a service normally adds an administrative burden to the entity that provides the shared service, and the entity that agrees to have the service provided by another entity loses a degree of control over the service provided.

Interlocal agreements for shared services should be in the form of a contract tailored to the specific needs of the entities involved that, at a minimum, includes the following:

- nature and scope of the service (s) to be performed;
- measurable performance standards;
- assignment of responsibility;
- cost allocation;
- duration of the contract;
- procedure for payment; and
- dispute resolution.

Entities involved in interlocal agreements, just like contracts with private vendors, should have a process in place that ensures the agreements with terms that are set to expire are reviewed in sufficient time that they can be extended or revised with updated terms if necessary. When interlocal agreements are not reviewed and updated, the terms of the contracts many times become unbalanced and one party is expected to incur an unfavorable percentage of costs for the services.

In addition, supporting documentation and reconciliations are needed for interlocal agreements for shared services that provide information and calculations for the amount of reimbursement. Sufficient information should be provided to determine if rates are fair and receive the costs the rates are intended to recover.

RECOMMENDATION

Recommendation 3-3:

Review each interlocal agreement and the amount for shared services annually to reflect the cost of providing each service.

A process should also be implemented that ensures interlocal agreements are reviewed and extended or revised prior their terms expiring.

Reviewing interlocal agreements and updating them to reflect the actual cost of providing the services will ensure that Lee County is receiving fair compensation for providing the services. Also, reviewing contacts where the County receiving services will in addition ensure the County is paying a fair and reasonable amount for the services received.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Note: Recommendations regarding specific interlocal agreements are provided in:

- **Chapter 5 – GIS, Recommendation 5-10**
- **Chapter 7 – 9-1-1 Dispatch, Recommendation 7-19**
- **Chapter 11 – Tax Administration, Recommendation 11-2**
- **Chapter 12 – Parks and Recreation, Recommendation 12-3**
- **Chapter 12 – Planning and Inspections, Recommendation 12-4**

FINDING

Historically, Lee County has been distributing sales tax collections using the ad valorem basis which appears to not be the most favorable basis to the County. The County has the option of distributing sales tax collections either through a per capita or ad valorem basis.

Each year North Carolina counties can change the method of distributing local option sales tax revenues within a county from per capita to the proportion of ad valorem tax levies or the other way around. The method chosen by a County Board of Commissioners determines the division of money within a county area among county and municipal governments for the next year.

The North Carolina General Statutes § 105-472 Disposition and Distribution of Taxes Collected states:

(a) County Allocation. The Secretary shall, on a monthly basis, allocate to each taxing county for which the Secretary collects the tax the net proceeds of the tax collected in that county under this Article. For the purpose of this section, "net proceeds" means the gross proceeds of the tax collected in each county under this Article less taxes refunded, the cost to the State of collecting and administering the tax in the county as determined by the Secretary, and other deductions that may be charged to the county. If the Secretary collects local sales or use taxes in a month and the taxes cannot be identified as being attributable to a particular taxing county, the Secretary shall allocate the taxes among the taxing counties in proportion to the amount of taxes collected in each county under this Article during that month and shall include them in the monthly distribution. Amounts collected by electronic funds transfer payments are included in the distribution for the month in which the return that applies to the payment is received.

(b) Distribution Between Counties and Cities. The Secretary shall divide the amount allocated to each taxing county among the county and its municipalities in accordance with the method determined by the county. The board of county commissioners shall, by resolution, choose one of the following methods of distribution:

(1) Per Capita Method. The net proceeds of the tax collected in a taxing county shall be distributed to that county and to the municipalities in the county on a per capita basis according to the total population of the taxing county, plus the total population of the

municipalities in the county. In the case of a municipality located in more than one county, only that part of its population living in the taxing county is considered its "total population". In order to make the distribution, the Secretary shall determine a per capita figure by dividing the amount allocated to each taxing county by the total population of that county plus the total population of all municipalities in the county. The Secretary shall then multiply this per capita figure by the population of the taxing county and by the population of each municipality in the county; each respective product shall be the amount to be distributed to the county and to each municipality in the county. To determine the population of each county and each municipality, the Secretary shall use the most recent annual estimate of population certified by the State Budget Officer.

(2) Ad Valorem Method. The net proceeds of the tax collected in a taxing county shall be distributed to that county and the municipalities in the county in proportion to the total amount of ad valorem taxes levied by each on property having a tax basis in the taxing county during the fiscal year next preceding the distribution. For purposes of this section, the amount of the ad valorem taxes levied by a county or municipality includes ad valorem taxes levied by the county or municipality in behalf of a taxing district and collected by the county or municipality. In addition, the amount of taxes levied by a county includes ad valorem taxes levied by a merged school administrative unit described in G.S. 115C-513 in the part of the unit located in the county. In computing the amount of tax proceeds to be distributed to each county and municipality, the amount of any ad valorem taxes levied but not substantially collected shall be ignored. Each county and municipality receiving a distribution of the proceeds of the tax levied under this Article shall in turn immediately share the proceeds with each district in behalf of which the county or municipality levied ad valorem taxes in the proportion that the district levy bears to the total levy of the county or municipality. Any county or municipality that fails to provide the Department of Revenue with information concerning ad valorem taxes levied by it adequate to permit a timely determination of its appropriate share of tax proceeds collected under this Article may be excluded by the Secretary from each monthly distribution with respect to which the information was not provided in a timely manner, and those tax proceeds shall then be distributed only to the remaining counties or municipalities, as appropriate. For the purpose of computing the distribution of the tax under this subsection to any county and the municipalities located in the county for any month with respect to which the property valuation of a public service company is the subject of an appeal and the Department of Revenue is restrained by law from certifying the valuation to the county and the municipalities in the county, the Department shall use the last property valuation of the public service company that has been certified.

The board of county commissioners in each taxing county shall, by resolution adopted during the month of April of each year, determine which of the two foregoing methods of distribution shall be in effect in the county during the next succeeding fiscal year. In order for the resolution to be effective, a certified copy of it must be delivered to the Secretary in Raleigh within 15 calendar days after its adoption. If the board fails to adopt a resolution choosing a method of distribution not then in effect in the county, or if a certified copy of the resolution

is not timely delivered to the Secretary, the method of distribution then in effect in the county shall continue in effect for the following fiscal year. The method of distribution in effect on the first of July of each fiscal year shall apply to every distribution made during that fiscal year.

Lee County employees are aware of the statutory provisions and previously analyzed the impact based on data for 2008-09. In 2009, the Finance Department analyzed the impact of changing from the per capita to the ad valorem distribution basis and concluded that the County would benefit from a change by receiving at a minimum of an additional $800,000 a year. The municipalities of Sanford and Broadway would receive a corresponding reduction in the amounts that they would receive.

RECOMMENDATION

Recommendation 3-4:

Change the basis of distributing sales tax collections from the per capita basis to the ad valorem basis, and monitor changing population and tax base trends.

Changing the basis of distributing sales tax collections, as authorized by North Carolina statutes, would provide Lee County with additional revenues for programs and operations. Monitoring tax bases and populations within the County, and periodically analyzing the impact of sales tax distribution, should ensure that County's sales tax is distributed in the method that maximizes County government sales tax revenues.

FISCAL IMPACT

The estimated fiscal impact of this recommendation is based on the estimate that changing distribution of sales tax from the per capita basis to the ad valorem basis will increase the County's portion of sales tax revenue by a minimum of $800,000 a year.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Change the Basis of Distributing Sales Tax Collections	$800,000	$800,000	$800,000	$800,000	$800,000

3.2 BUDGETING

A budget is a critical tool that enables a county to adequately maintain and control its financial resources. Administrators, department heads, and community members should be involved in the budgeting process, as well as the Board of County Commissioners. The budget should reflect the overall goals and objectives of the county's long-range plans. Given the scarcity of resources that are normally available to a county, it is critical that a county budget its dollars effectively. Sound fiscal management entails forecasting a reasonable but conservative revenue number, as well as a reasonable but aggressive expenditure number to ensure that adequate funds are available. It also

requires that management prioritize programs. No county has the financial resources to implement every available program.

FINDING

Lee County's annual budget document is comprehensive and provides not only a substantial amount of summary data, but also detailed numbers and narrative that makes the County's budget easy to understand.

The 2011-12 budget documents is 125 pages of well-organized information presented in five major sections:

- transmittal letter (9 pages);
- budget message (18 pages);
- exhibits (14 pages);
- general fund (75 pages); and
- other funds (9 pages).

Throughout the document there are charts, color graphs, and narrative that explain to the reader what the numbers actually mean. The transmittal letter and budget message are very informative and provide narrative on the general fund balance, tax rate, reductions, and requests from departments. The General Fund section includes schedules for mandated and non-mandated programs and five-year comparisons of revenues and expenditures for all programs and departments.

COMMENDATION

Lee County Government, and specifically its Finance Director, are commended for a well-organized and detailed budget document that includes five-year revenue and expenditure projections.

FINDING

Lee County Government publishes a budget manual that includes a detailed calendar showing dates and responsibilities for participants in the budget development process. The manual also includes general instructions, forms, and specific object code instructions. The detailed calendar indicates when a public notice is to be advertised, and the date and location where the public hearing on the budget is to be held. Documenting and publicizing the annual budget development process helps to ensure that the process is completed in a timely manner and participants understand their involvement and responsibility.

COMMENDATION

Lee County Government is commended for its documented budget development process that includes informing the public when and where they can be involved.

FINDING

Lee County established a general fund balance policy which is discussed extensively in the 2011-12 budget document. The County's fund balance policy states:

> *The county will maintain as a floor an available fund balance equal to 14 percent of the general fund budget at the end of each fiscal year; however, the county will strive to reach a target of 18 percent. General fund balances in excess of target levels will be transferred to capital reserve funds to provide equity resources to fund the county's capital improvement process.*

In the 2011-12 budget document, considerable discussion was provided as to the impact of the proposed budget and other financial-related issues would have on the County's general fund balance. The budget document included discussion pertaining to the general practices of North Carolina counties and indicated that the average fund balance for counties was around 21 percent. Providing a general fund balance policy and reporting on the impact of budget and other financial decisions helps to ensure that Lee County properly manages its general funding and enables the County to meet its financial obligations.

COMMENDATION

Lee County Government is commended for establishing a general fund balance policy and for providing extensive discussion on the impact of budget and other financial decisions on the balance.

FINDING

Although Lee County has a general fund balance policy, Lee County Schools do not and there is no coordination of the County's fund balance needs with those of Lee County Schools. Coordination of a County's general fund balance with that of its school system helps to ensure that the two adequately provides a reserve of resources that can meet cash flow needs and to cover unexpected costs for each.

The Local Government Budget and Fiscal Act of North Carolina includes a formula that counties and cities must use to calculate the maximum fund balance that is available at the end of one fiscal year for appropriation in the next budget. The formula provides that fund balance appropriated in a budget shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next proceeding the budget year. The amount calculated with the formula is fund balance that is legally available for the next year's budget.

Although there is not a requirement establishing the amount of fund balance a County must maintain, the Department of State Treasurer for North Carolina for the last several years has provided consistent guidelines. In a letter dated May 9, 2009, the Department of State Treasurer states:

> *…the minimum level of fund balance available for appropriation that should be on hand to enable the unit to meet current obligations and to prevent the unit from experiencing cash flow difficulties is eight percent of the prior year's expenditure.*

The letter further states:

> *…in addition to the eight percent needed to prevent cash flow difficulties, units also maintain fund balance available for appropriation in the General Fund in case unforeseen needs or opportunities should arise. There is not an established minimum amount that should be unreserved for these purposes; officials of the unit should make that determination".*

Exhibit 3-8 shows the general fund balances for Lee County Government for the 2007-08 through 2009-10 fiscal years and **Exhibit 3-9** shows the balance for 2010-11.

Exhibit 3-8
Unreserved General Fund Balances
Lee County Government
2007-08 through 2009-10 Fiscal Years

Year	Designated for Subsequent Year's Expenditures	Designated for Special Purposes	Undesignated	Total
2007-08	$2,398,966	$504,480	$8,053,905	$10,957,351
2008-09	$1,068,620	$556,479	$9,327,392	$10,952,491
2009-10	$2,103,163	$589,810	$9,412,184	$12,105,157

Source: Lee County's audited comprehensive financial reports, 2007-08 through 2009-10.

Exhibit 3-9
Assigned-Unassigned General Fund Balance
Lee County Government
2010-11 Fiscal Year

Fiscal Year	Assigned - Subsequent Year's Expenditures	Unassigned	Total
2010-11	$3,319,880	$6,198,709	$9,518,589

Source: Lee County's audited comprehensive financial report, 2010-11.

The County's audited comprehensive financial reports for 2007-08 to 2009-10 provides definitions for the three components of its unreserved General Fund Balance. These are:

- designated for subsequent year's expenditures represents the portion of total fund balance *available for appropriation which has been appropriated in the 2009-10 budget ordinance;*

- *designated for special purposes represents the portion of total fund balance restricted for use by the Fire Marshall and the human service agencies; and*

- *undesignated represents the portion of total fund balance available for appropriation which is uncommitted at year-end.*

For 2010-11 the classification of fund balances changed to meet reporting requirements from designated to assigned and from undesignated to unassigned. The definitions as shown in the 2010-11 audited comprehensive financial report are:

- *Assigned Fund balance – Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.*

- *Unassigned fund balance – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.*

Lee County Schools' General Fund Balance for the 2007-08 to 2009-10 fiscal years is shown in **Exhibit 3-10** and the fund balance for 2010-11 is provided in **Exhibit 3-11.**

Exhibit 3-10
Unreserved General Fund Balances in
Lee County Schools
2007-08 through 2009-10 Fiscal Years

Year	Designated for Subsequent Year's Programs	Designated for Subsequent Year's Expenditures	Undesignated	Total
2007-08	$672,646	$1,004,234	$448,292	$2,125,172
2008-09	$790,609	$1,264,043	$499,321	$2,553,973
2009-10	$0	$1,358,982	$980,377	$2,339,359

Source: Lee County School's audited comprehensive financial reports, 2007-08 through 2009-10.

Exhibit 3-11
Assigned-Unassigned General Fund Balance
Lee County Schools
2010-11 Fiscal Year

Fiscal Year	Assigned Fund Balance – Subsequent Year's Expenditures	Unassigned Fund Balance	Total
2010-11	$1,157,867	$824,872	$1,982,739

Source: Lee County School's audited comprehensive financial report, 2010-11.

As shown in the district's audited comprehensive financial report, the definitions for the three components of its unreserved General Fund Balance are:

- *designated for subsequent year's programs – unexpected funds available at year end, which are held for specific programs of the Board;*
- *designated for subsequent year's expenditures – portion of total fund balance available for appropriation which has been designated for the adopted (next year's budget) for the adopted (next year's) budget ordinance; and*
- *undesignated – portion of total fund balance available for appropriation which is uncommitted at year-end.*

The combined unreserved fund balances for both the county and school system for 2007-08 to 2009-10 and the combined assigned and unassigned for 2010-11 is shown in **Exhibit 3-12**. The total unreserved balances for 2007-08 to 2009-10 and the total assigned and unassigned for 2010-11, include fund balances for designations and assignments because the definition for designated and assigned fund balances represents tentative management plans that are subject to change.

Exhibit 3-12
Unreserved General Fund Balances
Combined Lee County Government and Lee County Schools
2007-08 through 2009-10 Fiscal Years

Year	Lee County Schools	Lee County Government	Total
2007-08	$2,125,172	$10,957,351	$13,082,523
2008-09	$2,553,973	$10,952,491	$13,506,464
2009-10	$2,339,359	$12,105,157	$14,444,516
2010-11	$1,982,739	$9,9518,589	$11,501,328

Source: Lee County Schools' and Lee County Government's audited comprehensive financial reports, 2007-08 through 2010-11.

The total combined fund balance for the 2010-11 of $ 11,501,328 represents 7.8 percent of total combined expenditures in 2010-11 of $ 146,618,256.

RECOMMENDATION

Recommendation 3-5:

Assist Lee County Schools with the development of a General Fund Balance policy for the district that is coordinated with Lee County.

The development of a General Fund Balance policy for the school system will help ensure a reasonable and adequate balance is maintained in both the county's and school system's fund. The policy should ensure that the school has sufficient funds to meet cash flow needs and for unexpected costs while also not unnecessarily maintaining an excess of funds that could be used for urgent needs or to reduce the tax burden on Lee County taxpayers.

FISCAL IMPACT

This recommendation can be implemented with existing resources. The fiscal impact, if any, cannot be determined until a calculation is made at the time the fund balance needs of the Lee County Schools are determined.

FINDING

As discussed in a previous finding, the district's budget document is very impressive and provides a tremendous amount of easily understood useful information. The document, however, is not submitted to a national organization for review.

Budget documents, just as annual financial reports, can be submitted to a national organization for review and a possible award. The Government Financial Officers Association (GFOA) established the Distinguished Budget Presentation Awards Program in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting, and then to recognize individual governments that succeed in achieving that goal. Documents submitted to the Budget Awards Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in public sector budgeting.

For a budget document to receive the award, it should include certain elements:

- a table of contents that makes it easier to locate information in the document;
- a coherent statement of organization-wide, strategic goals and strategies that addresses long-term concerns and issues;
- a budget message that articulates priorities and issues for the upcoming year;
- an overview of significant budgetary items and trends;
- an organization chart(s) for the entire entity;
- narrative, tables, schedules, or matrices to show the relationship between functional units, major funds, and nonmajor funds in the aggregate;
- a coherent statement of entity-wide, long-term financial policies;
- the process for preparing, reviewing, and adopting the budget for the coming fiscal year, and a description of the procedures for amending the budget after adoption;
- a summary of major revenues and expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the organization;

- summaries of revenues and other financing sources, and of expenditures and other financing uses for the prior year actual, the current year budget and/or estimated current year actual, and the proposed budget year;
- projected changes in fund balances, as defined by the entity in the document, for appropriated governmental funds included in the budget presentation (fund equity if no governmental funds are included in the document);
- a description of major revenue sources, an explanation of underlying assumptions for the revenue estimates, and a discussion of significant revenue trends;
- budgeted capital expenditures—whether authorized in the operating budget or in a separate capital budget;
- a glossary for any terminology produced and formatted in such a way as to enhance its understanding (including abbreviation and acronyms) that are not readily understandable to a reasonably informed lay reader);
- a schedule or summary table of personnel or position counts for prior, current and budgeted years; and
- charts and graphs, where appropriate, to highlight financial and statistical information.

Many governmental entities across the country use these criteria to apply for a GFOA award, but some agencies use it primarily to improve their budget document's content, format, and presentation.

RECOMMENDATION

Recommendation 3-6:

Submit the Lee County budget document for review to the Government Finance Officers Association (GFOA) for continued improvement and a possible award.

Submitting the budget document to the GFOA for review and comment will enable Lee County to continue to make the budget document a more useful tool. Further improvements to the budget document will enable the Board and community to better understand how taxpayer dollars are being used.

The estimated fiscal impact of this recommendation is based on the estimated cost to submit the County's budget to the Government Finance Officers Association (GFOA) for review, comment, and possible award.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Submit Budget to Government Finance Officers Association (GFOA)	($300)	($300)	($300)	($300)	($300)

FINDING

The Lee County's financial management system will not allow purchase requisitions to process if sufficient funds are not available in budget categories. Budget adjustments are prepared transferring funds from budget categories before processing purchasing requisitions when needed. However, all adjustments regardless of amount or accounts impacted, are required to be approved by the County Manager.

The Board of County Commissioners has delegated authority to the County Manager to transfer budgeted amounts within a department and up to $5,000 between departments without Board approval. Staff estimated that up to 100 budget transfers are made during a fiscal year that are reviewed and approved by the County Manager. Many counties have found that approving budget adjustments within a department for small amounts is an inefficient use of time for a County Manager. Delegations are often made to the Finance Director to approve transfers within departments of amounts below a specified level.

RECOMMENDATION

Recommendation 3-7:

Delegate authority to the Finance Director to approve low dollar budget transfer within a department's budget.

Delegating authority to the County's Finance Director to approve transfers between budgeted amounts within a department will relieve the County Manager of a routine process and still keep the controls in place that require funds to be available before purchase requisitions are processed. Delegating authority that includes limits (such as transfers of $1,000 or less) and restricting transfers from specific budgets such as capital will enable the County Manger to remain in the process for desired transfers.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

3.3 PURCHASING

An effective purchasing program provides counties with quality materials, supplies, services and equipment in a timely and efficient manner and at a competitive price. Purchasing policies and operating procedures help ensure a county complies with state laws and local government requirements while performing purchasing functions in an efficient and timely manner.

FINDING

A procurement card program was implemented in Lee County in March 2005. Procurement cards are similar to credit cards, but are designed to provide a high level of control while streamlining and simplifying the process for making low-dollar, high-volume purchases. Procurement cards are designed to maintain control of expenses, while reducing administrative costs associated with

authorizing, tracking and paying specific small, recurring purchases. Procurement card expenditures are paid monthly to the issuing bank in the form of one lump-sum payment instead of multiple payments to vendors. Procurement cards have been issued to 75 County employees who use the cards for approximately 2,200 individual purchases in a year for over $160,000 of materials and supplies.

COMMENDATION

Lee County Government is commended for using a procurement card program to reduce administrative time in processing payments to vendors.

FINDING

Not all Lee County departments adhere to purchasing guidelines and requirements. When departments make purchases without following appropriate procedures, the transactions are not tracked for future reference.

Although no significant violations were brought to the Evergreen Team's attention, staff in interviews indicated that occasionally County employees do not follow purchasing policy provisions, including use of procurement card requirements. When documents are received in the Finance Department that have not followed established policy or procedures, Finance Department staff attempt to work with the employee and or the employee's supervisor to correct the issue. When staff have difficulty making corrections or when repeated problems exit they are brought to the Finance Director's attention.

A provision in the County's purchasing policy states:

> *It is the responsibility of all Lee County employees to comply with all rules and regulations set forth herein. As directed by the County Manager, any employee deliberately violating the policy regarding unauthorized purchases shall be held personally accountable for the purchases. Violation of the purchasing policy may result in disciplinary action, up to and including dismissal.*

The County, however, does not have a system to track purchasing policy violations nor are employees who violate the policies routinely reprimanded. Allowing staff to not follow purchasing procedures could have a tendency to create an environment where those involved believe there is no consequence for not complying with policy.

RECOMMENDATION

Recommendation 3-8:

Track purchases that do not follow policy, and implement corrective action for employees who do not follow policy.

Developing a process to track purchases that do not follow policy will provide Lee County with information needed to implement a corrective action process, especially for repeat violators. Reprimanding those who do not follow policy will help ensure that purchases are made only when policy is followed.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

3.4 RISK AND ASSET MANAGEMENT

Risk management includes the identification, analysis, and reduction of risk through insurance and safety programs and adequate processes to protect the county's assets and employees. Workers' compensation is intended to protect county employees in case of work-related accidents or injuries. Property and casualty insurance protects the county from liabilities arising from property damage, bodily injury and other situations in which the county may be at risk. An effective fixed asset management system accounts for county property accurately and safeguards against theft and obsolescence.

FINDING

Although Lee County has a safety committee, and the number of workers' compensation claims were not increasing, the County established an accident review policy and a board to provide additional oversight of accidents. The policy and board were established to help ensure accidents by County employees and visitors to facilities are adequately reviewed. The charge of the Accident Review Board is to review all accidents to determine the cause and effect, and to make recommendations to the County Manager and department directors to prevent the same types of accidents in the future. The Board also determines whether an accident was preventable or non-preventable and establishes uniformity of discipline.

COMMENDATION

Lee County Government is commended for establishing an accident review policy and an Accident Review Board to analyze accidents to determine the cause, and to take steps to prevent the same types of accident in the future.

FINDING

Lee County tracks its investment in fixed assets using a module of the MUNIS financial management system. Although processes are in place that help to ensure that all fixed assets acquired by the County are added to the inventory system, items that cannot be located can be taken off without adequate approval.

For tracking purposes, Lee County defines items that cost $500 or more and have a useful life of more than one year. Items costing from $500 to $4,999 are reported as expenses during the year they are acquired, and items costing $5,000 and over are capitalized and depreciated for the annual financial report.

Exhibit 3-13 shows activity pertaining to the County's investment in depreciable property for 2009-10. As can be seen, Lee County had an investment, net of depreciation, of $17,414,226 in governmental type assets and $555,393 of business type assets for a total investment of $17,969,619 at June 30, 2010.

Exhibit 3-13
Fixed Assets in Lee County
2009-10 Fiscal Year

	Balance June 30, 2009	Transfers In/Additions	Transfers Out/ Disposals	Balance June 30.2010
GOVERNMENTAL ACTIVITIES				
Non-depreciable assets:				
Land	$3,207,777	$88,222	$0	$3,295,999
Land Improvements	$242,923	$831,796	$0	$1,074,719
Construction In Progress				
Total Non-depreciable assets	$3,224,439	$451,379	$3,121,266	$554,552
Depreciable assets:				
Buildings	$26,117,982	$119,013	$0	$26,236,995
Roads	$680,814	$145,980	$0	$826,794
Equipment	$6,211,781	$2,553,080	$273,042	$8,491,819
Total Depreciable assets	$33,010,577	$2,818,073	$273,042	$35,555,608
Less accumulated depreciation and amortization for:				
Buildings	$18,110,670	$934,317	$0	$19,044,987
Roads	$60,748	$16,758	$0	$77,506
Equipment	$3,659,756	$515,487	$231,084	$3,944,159
Total depreciation	$21,831,174	$1,466,562	$231,084	$23,066,652
TOTAL GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	**$17,854,542**	**$2,722,908**	**$3,163,224**	**$17,414,226**
BUSINESS TYPE ACTIVITIES				
Non-depreciable assets:				
Land	$260,425	$0	$0	$260,425
Depreciable assets:				
Buildings	$555,482	$0	$0	$555,482
Equipment	$1,105,828	$0	$0	$1,105,828
Total depreciable assets	$1,671,310	$0	$0	$1,671,310
Less accumulated depreciation and amortization for:				
Buildings	$404,266	$25,283	$0	$429,549
Equipment	$924,004	$22,789	$0	$946,793
Total depreciation	$1,328,270	$48,072	$0	$1,376,342
TOTAL BUSINESS ACTIVITIES CAPITAL ASSETS - NET	**$603,465**	**$48,072**	**$0**	**$555,393**
TOTAL ALL CAPITAL ASSETS	**$19,182,812**			**$18,969,619**

Source: Lee County Government's Annual Financial Report, June 30, 2010.

Physical inventories are conducted annually by each department and Finance Department staff. The normal process is for the Finance Department to send a list of fixed assets assigned to each department for staff to review and begin to locate items on the listing. A Finance Department employee then goes to the department and, with the assistance of a department employee, items on the list are inventoried. When items cannot be located, a disposal form is prepared and the department head signs the form and the items are taken off the inventory list. Only the department head's signature is needed and no other approvals are required.

Most entities assign physical inventorying of fixed assets to the departments that have custody of the assets and require them to certify the accuracy once inventories are completed. Finance departments normally provide guidance as to how to perform physical inventories and specify how to report missing items and items that are in their custody that are not on the inventory list. Also proper internal controls require approvals for removing fixed assets from the inventory, justifications for removing items, and reprimands when departments to not exercise proper care and custody of items assigned to them.

RECOMMENDATION

Recommendation 3-9:

Improve controls over fixed assets by requiring approval from the County Manager before items are deleted from fixed asset inventory records, and assign physical inventory duties to departments who have custody of the assets.

Requiring the approval of the County Manager before items can be deleted from the fixed asset inventory will improve internal controls over the County's investment in fixed assets. This action will also increase accountability of department heads who have been delegated the responsibility for managing and protecting assets. Assigning physical inventory duties to departments that are to be completed based on guidelines from the Finance Department will relieve Finance Department staff from duties that are normally performed by department staff. Finance department staff might want to perform spot checks during the year to validate the accuracy of inventory records at specific locations.

FISCAL IMPACT

This recommendation can be implemented with current resources.

FINDING

Although bank account reconciliations appear to be completed in a thorough and timely manner, no review and approval are required.

The Accounting Technician assigned bank account reconciliation responsibilities normally completes bank account reconciliations by the middle of the month for the previous month's activity. After receiving bank statements and electronic files from the bank, the Accounting Technician matches deposits for each department and posts the information to the general ledger. Checks that have been processed by the bank are electronically cleared in the financial

management system. Once the Accounting Technician completes the bank reconciliations and makes all necessary entries into the financial management system, she notifies the Assistant Finance Director that the process has been completed and the monthly financial reports are run.

Internal controls are improved over important financial processes, such as bank reconciliations, when a review and approval are required by someone other than the employee who performed the process. Many government agencies require the Finance Manager/Director to review, sign, and date bank reconciliations prepared by staff members to provide documentation that someone other than the preparer was involved in the process.

RECOMMENDATION

Recommendation 3-10:

Develop a process that requires the Finance Director to approve bank reconciliations.

Requiring the Finance Director to approve bank reconciliations will improve internal controls over the process. Also requiring the Finance Director to sign and date the reconciliations will document that someone other than the Accounting Technician, who completed the bank reconciliations, was involved in the process.

FISCAL IMPACT

This recommendation can be implemented with current resources.

FINDING

Finance Department employees conduct surprise audits of offices in Lee County. Although the cash audit form is signed by both an employee of the department and the Finance Department employee who conducted the audit, the cash audit form is not required to be submitted to the Finance Director for review. In addition, a form showing the dates when audits are conducted is also not sent to the Finance Director for monitoring purposes.

Cash audits are conducted on a surprise basis on departments that collect cash, including:

- General Services;
- Health Department-Clinical;
- Health Department-Animal Control;
- Health Department-Environmental Health;
- Jail;
- Library;
- Recreation;
- Register of Deeds;
- Senior Services;
- Sheriff;
- Social Services;

- Solid Waste;
- Strategic Services; and
- Tax Office.

Cash audits involve counting the cash in a department's cash drawer and comparing it to the total amount of receipts in drawer plus the amount of petty cash that a department is authorized to have. Any deviations from the amount of cash and the total of receipts and petty cash are required to be explained on the cash form.

The list of departments that maintain cash provides guidance as to how audits are to be conducted. The list includes guidance that states:

- *Surprise cash audits will be conducted by the Finance Department staff at least once each year for the following departments.*

- *At all times during the cash audit, an employee from that department will be with the finance department staff and at the end of the cash audit, both the finance department employee and the department employee will sigh off on the audit form.*

The list also has a column for the date an audit was completed during the year.

RECOMMENDATION

Recommendation 3-11:

Develop a procedure that requires the Finance Director to approve cash audit forms and updates to the list of departments to be audited after each audit.

Establishing a procedure that requires a copy of cash audits to be approved will ensure discrepancies noted from the audits are brought to the attention of the Finance Director. Requiring the Finance Director to review the list of departments to be audited will help ensure that all departments receive audits during the year.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

CHAPTER 4:
HUMAN RESOURCES MANAGEMENT

4.0 HUMAN RESOURCES MANAGEMENT

Managing a local government operation is a complex and time consuming process. Of all expenses incurred, personnel costs typically consume the largest portion of the average municipal budget. Consequently, successful and effective counties place a major emphasis on human resources management. The employees of any municipality are its most valuable asset. They possess distinctive institutional knowledge and experience that can be difficult and costly to replace should they depart unexpectedly. The recruitment, selection, orientation, training, compensation, and benefits support provided to the workforce contribute greatly to employee satisfaction, and thus the effectiveness of the organization.

Effective human resources management begins with the organization and direction of the human resources department. In many ways, the human resources department is a customer service function—regardless of the size of an organization, those staff members dealing with human resources processes must deal with applicants, current employees, and often retirees. In order to be able to deliver the proper level of support and assistance, the employees performing personnel functions must be organized and staffed appropriately, and have the appropriate distribution of job responsibilities. Employees must be confident that if they have a question on a particular issue that is critical to them, the right person will be handling the issue for them. Staff of the organization must feel confident in the abilities of the human resources function to address all of the personnel-related issues and challenges that are common in any employment environment.

Within the scope of human resources management, there are a number of responsibilities—including staffing analysis, recruiting, hiring, salary and benefits administration, and performance management. Even those functions not directly performed or technically executed by human resources departments, such as payroll, play a major role in how the department is perceived. Effective personnel management requires compliance with equal employment opportunity statutes and other applicable federal and state laws. As part of human resources management, it is important to establish fair and workable policies, procedures, and training programs that are meaningful and useful to recruiting and retaining competent staff.

A well-organized and technically competent human resources department can help county leaders meet the physical and administrative needs of employees as well as the data needs of the executive leadership. By assigning clear responsibilities to staff, the county can effectively and efficiently deliver necessary services to ensure the sound management of the human resources function.

Chapter 4 reviews human resources management in Lee County Government in the following areas:

4.1 Organization and Management
4.2 Personnel Policies and Procedures
4.3 Human Resources Records
4.4 Recruitment, Hiring, and Retention
4.5 Compensation and Classification
4.6 Performance Management

4.1 ORGANIZATION AND MANAGEMENT

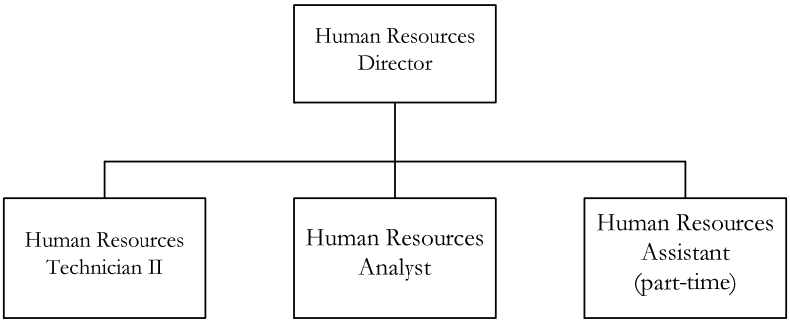
The effectiveness of human resources services delivered to employees is significantly influenced by the manner in which a human resources department is organized and managed. The organizational structure of a human resources department should be determined by the specific functions that it performs. These functions should be regularly reviewed as a matter of practice to ensure that the needs of the organization are being effectively met.

FINDING

In Lee County, personnel functions are handled by a centralized Human Resources Department which consists of a Director, a Human Resources Technician II, a Human Resources Analyst, and a part-time Human Resources Assistant. Each of these positions has a well-developed classification description which outlines the purpose for the job and a summary list of job functions. Due to the compact nature of the department, there is some predictable overlap in how certain functions are performed. Employees assist each other regularly while maintaining their individual areas of expertise.

Exhibit 4-1 illustrates the current organizational structure of the Human Resources Department.

Exhibit 4-1
Human Resources Department
Organizational Structure



Source: Lee County Government, 2011.

Maintaining the department as a stand-alone entity benefits Lee County in a number of ways:

- creates a consistent series of policies and processes for the personnel business of the County;
- maintains needed consistency to the processes followed in the core personnel functions;
- grants appropriate importance to human resources in the County by having a leader in the area that possesses more strategic and less tactical responsibilities; and
- serves an important function for personnel-related decision making and allows the County Manager to focus on the strategic direction of the County.

The Human Resources Technician II role comprises one FTE; however, it is shared by two individuals. One of which is a part-time employee (0.6 FTE), and the other is a volunteer from a local senior citizen's organization. The primary purpose of this role as it exists today is to serve in an administrative capacity and serve the reception area which separates the public area of the building from the back office. In prior years, this was an FTE which was performing technical and entry-level professional work in the human resources area. This position was recently eliminated for budgetary reasons. The Human Resources Department lost a certain amount of technical capacity when this position was eliminated. The individuals filling the quasi-receptionist role now are not trained human resources professionals. They are able to assist with a number of administrative tasks and work with the electronic records system on some scanning tasks, but are not technically proficient human resources employees. Lee County is fortunate to have the arrangement with the volunteer organization and benefits greatly from its service. This statement is not intended to weaken that relationship in the least, rather to identify what was lost by eliminating the full-time employee.

Best practices for human resources staffing and the ratio of employees to human resources professionals in an agency state that, to be considered adequately staffed, an agency should have between 100 and 150 employees per FTE in human resources. Increases in the use of technology and the automation of many functions have led to the expansion of this ratio.

RECOMMENDATION

Recommendation 4-1:

Maintain the present organizational structure in the Lee County Human Resources Department with three full-time human resources professionals and one combined FTE in the quasi-receptionist role.

Looking at the three full-time employees assigned to Human Resources (the Director, the Analyst, and the Assistant) and considering that the County has approximately 340 employees at the time of this analysis, Lee County is maintaining an approximate 1:113 ratio and is well within acceptable staffing levels. The County should not consider hiring another full-time employee. With the addition of the 0.6 FTE for the part-time Human Resources Assistant, the ratio becomes approximately 1:94.

Best practices in Human Resources state that a ratio of up to 200 employees per FTE in the Human Resources Department is acceptable with appropriate automation. When one considers the two part-time individuals at the reception desk, the ratio drops further. However, due to the lack of technical skill of these individuals, and the fact that they serve more than just the Human Resources Department, they are not counted for this ratio. If the intent of that role is that they would serve as a human resources employee, other arrangements should be made for the reception area and that person or persons should be assigned a desk or office which allows for some privacy. At this time, however, this is not necessary, as the three full-time human resources employees are sufficient to manage the needs of Lee County employees.

FISCAL IMPACT

This recommendations can be accomplished with existing resources.

FINDING

Currently, the Human Resources Department does not maintain a stand-alone strategic plan. The Director has been working diligently since her arrival in 2006 to transition from a primary record keeping function as it existed under prior leadership to a more comprehensive Human Resources Department providing more than just basic services.

The Human Resources Department has developed the following Mission Statement:

> *To provide quality service in all Human Resources operations with integrity, responsiveness and sensitivity to the employees and citizens of Lee County.*

The Department maintains performance measures associated with specific goals which support its Mission Statement.

The five goals associated with human resources are shown in **Exhibit 4-2.**

Exhibit 4-2
Human Resources Performance Goals

Goal 1: To train, develop and educate Lee County employees in order to be successful and to increase overall value to their positions.

Goal 2: To provide all new employees a knowledge of County policies, procedures and benefits in order to ensure employees' understanding and adherence to them.

Goal 3: To implement technology and methods to enhance productivity and reduce file storage in the Human Resources Department.

Goal 4: To sustain the infrastructure that effectively recruits, selects and retains the very best employees for Lee County Government.

Goal 5: To provide high quality customer service to all customers with integrity, responsiveness and sensitivity to their needs and concerns in order to maintain a positive, productive and motivated workforce.

Source: Lee County Human Resources Department, 2011.

The maintenance of an up-to-date mission statement and associated performance goals and implementation steps can provide enhanced functional alignment, improved staff performance, help prioritize workflow, and provide guidelines for improved service delivery.

COMMENDATION

Lee County is commended for maintaining and tracking key performance goals.

FINDING

Associated with the annual budget process, the Human Resources Department generates a progress report on the identified key performance goals. Tracking human resources performance on critical operational areas (such as the number and percentage of new employees who attend orientation meetings and the total workload vis-à-vis the number of new hires processed) is an effective strategy in judging overall departmental performance. Indicators for Lee County Human Resources are identified as being related to workload, effectiveness, and outcomes.

Exhibit 4-3 shows a sample of the County's strategic goals and associated performance indicators. This is a well-executed system for maintaining awareness of the Human Resources Department's goals and objectives by linking them to specific action steps.

Exhibit 4-3
Example of Key Performance Indicators and Status Reporting in Human Resources

Department Performance Indicators	Indicator Type
Number of new full- time / part-time employees.	Workload
Number of new full- time / part-time employees that attended the1st day of Employment Orientation Session.	Effectiveness
Percent of new full-time / part-time employees (excludes part-time Parks & Rec Dept.) that attend the 1st day of Employment Orientation Session.	*Outcome
Number of new benefited employees.	Workload
Number of new benefited employees that attended the 8-hr Policy Orientation within 60 days of hire date .	Effectiveness
Percent of new benefited employees that attended the 8-hr Policy Orientation within 90 days of hire date-cumulative.	*Outcome

Source: Lee County Human Resources Department, 2010-11.

COMMENDATION

Lee County is commended for setting and tracking strategic performance goals for Human Resources.

FINDING

With the emphasis of the Human Resources Department being so focused on the development of richer employee services, certain aspects of professional development for human resources staff have not been undertaken. As such, employees do not have individual training goals or professional development plans designed to develop individual technical knowledge.

Some aspects of human resources duties have been abdicated to other departments or outsourced to third parties. For example, the Finance Department has the ability to alter personal payroll distributions depending on changes in employee status, and a significant portion of benefits administration has been taken over by an outside firm (Mark III Employee Benefits) which provides brokerage and employee benefit services as well as administration of the County's Cafeteria Benefits Program.

The fact that these professional development activities have taken a secondary priority is not necessarily an indictment of the department nor its leadership, rather is more likely a circumstantial occurrence based on the needs of Lee County at the time the current Director was employed.

RECOMMENDATION

Recommendation 4-2:

Provide the senior human resources staff additional opportunities for specialized human resources training and professional association membership.

The North Carolina State Council (*http://nc.shrm.org/*), an affiliate of the Society for Human Resources Management (SHRM), provides valuable member benefits, professional education, certification and training to HR professionals across North Carolina. Such resources would be of particular benefit to an organization which focuses on continuous improvement. These associations have strong reputations of members helping members with knowledge and professional cooperation and sharing of information. This professional cooperation is very valuable for local government employees.

FISCAL IMPACT

An annual professional membership in the local SHRM chapter is approximately $200 per employee per year. For the two senior staff, this would equate to approximately $400 per year.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Obtain SHRM Memberships for Senior Human Resources Staff	($400)	($400)	($400)	($400)	($400)

FINDING

In the context of human resources management, succession planning is the process of identifying and preparing to replace key personnel within an organization as their careers come to an end or they depart for other opportunities. In any case, what is lost and what must be preserved, is institutional knowledge. This is particularly important for local agencies such as Lee County which have smaller, more compact staffing models where one employee can be ultimately responsible for multiple essential functions.

Succession planning involves having senior executives periodically review their top managers and line employees to determine potential candidates for each progressively responsible position. This is important because it can take years of grooming to develop effective senior managers from existing employees of any organization. As the job market loosens as the economy recovers, turnover in the public sector is likely to spike as the private sector tries to hire from within the public sector.

A measured action plan for succession ensures the fewest possible disruptions to the affected department, and therefore the County's effectiveness. An exemplary succession plan clearly identifies the factors to be taken into account and the process to be followed in relation to retaining or replacing key persons.

Lee County acknowledges that it has not emphasized succession planning for its key leadership. In order to ensure minimal disruption to the daily operations in the future, a succession plan can and should be developed.

RECOMMENDATION

Recommendation 4-3:

Develop a succession plan to ensure consistency and continuity of Lee County's vital operations.

By proactively addressing the eventual need for new mid-level and leadership issues before the need arises and developing a formal succession plan, Lee County will ensure steady progress and implementation of its strategic goals. Ideally, this process will result in a seamless transition of leadership in the future.

Exhibit 4-4 illustrates the elements of an effective succession plan. This exhibit can be used as the foundation of Lee County's own planning effort. It is based on one of many available online resources of this nature and illustrates that much of the work in organizing these efforts can be done ahead of time without encumbering significant staff time.

Exhibit 4-4
Elements of a Sample Succession Plan

- Statement of commitment to prepare for inevitable leadership change.
- Statement of commitment to assess leadership needs before beginning a search.
- Plan to appoint interim leadership to ensure smooth operations and compliance with contractual obligations.
- Outline of succession procedures, including:
  - internal management succession to the interim position;
  - time frame for making the interim appointment;
  - time frame for appointing a board transition committee; and
  - roles of the transition committee (e.g., communication with stakeholders, identifying a transition management consultant, conducting an organizational assessment and designing the search plan).

Source: http://www.transitionguides.com, 2010.

The need for succession planning extends beyond the boundaries of the Human Resources Department; however, Human Resources in Lee County would be a good place to begin this process and would serve as an appropriate pilot department for the tools once developed.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

4.2 PERSONNEL POLICIES AND PROCEDURES

Clearly written personnel policies and procedures are required to identify areas of responsibility and outline expected performance. Policies provide direction, while procedures provide guidelines for implementation. Written policies and procedures should be used to ensure consistency of processes and to provide for oversight by the Board of County Commissioners and County Manager.

FINDING

Lee County maintains a robust and comprehensive list of personnel policies. They are clearly organized and kept up to date on the Lee County's website. The policies include basic overviews, limitations, exceptions, definitions and rules associated with the policies themselves.

Each policy document includes an informative header which details the policy number, the number of revisions, the date of the last revision, and the number of pages in the policy (to ensure that those reviewing the documents are in possession of the entire policy).

Many policies show revision dates as recently as 2010. In this respect, Lee County is remaining diligent in ensuring that its policies do not fall out of date. Policies are divided into nine subsections:

- Manual for Personnel Administration
- General Employment Practices
- Position Management
- Pay Administration
- Employee Benefits
- Leaves of Absence
- Employee Development
- Employee Relations
- Employee Safety and OSHA

Centralized personnel practices also benefit the employees by promoting a sense of fairness in how employees are treated. If employees perceive their treatment to be inconsistent, morale can suffer. Accountability of leaders to adhere to a prescribed set of practices and policies related to personnel can prevent this sense of unfairness.

COMMENDATION

Lee County is commended for maintaining comprehensive, up-to-date, electronic records of personnel policies where they are easily accessible by employees via the Internet.

FINDING

The Human Resources Department does not have standard operating procedures (SOPs) for personnel-related processes. The Human Resources Department has grown into its current organizational structure and distribution of duties based on the qualifications and experience of its employees. In many respects, cross-training and the development of SOPs have not been emphasized due to more operational activities associated with having a more significant impact on employee relations. While the employee relations aspect of service delivery has thrived, other functions may have suffered.

Written standard operating procedures document the actions required to perform major personnel tasks. A desk reference or online web reference manual would help maintain consistency of personnel operations, and promote staff teamwork and cross training. This practice helps institutionalize processes and can be used as a training guide for new employees. In addition, it provides a road map for operations in the absence of key staff members.

RECOMMENDATION

Recommendation 4-4:

Develop written internal practices, procedures, and workflow processes, and develop a plan for the annual review and revision of standard operating procedures (SOPs).

These documents should be organized by topic and include all the required steps to complete routinely performed work processes and tasks. They should be reviewed on a regular basis with staff to ensure practices are followed on a consistent basis. These procedures should be used as a basic training guide for new employees and as a tool for cross-training staff. This is particularly important for a smaller agency where the long-term absence of a single employee could cause a significant and damaging knowledge gap in personnel functions.

Consideration should be given to inclusion of SOPs in a procedures manual to clarify the functional workflow processes to be performed as shown in **Exhibit 4-5.**

Another key part of this process is the development of process work flows which graphically display the functions of a human resources process and the task steps which comprise them. They also allow employees not accustomed to doing certain tasks, a workable road map from which to navigate when performing duties that are typically the purview of another staff member. Through a conversation with the Lee County Director of Human Resources, an example work flow for the County's hiring process was developed. This is intended to serve only as a sample as certain parts of the process were combined to save space in this graphic. The sample process work flow is displayed in **Exhibit 4-6.**

Exhibit 4-5
Procedures Manual for Human Resources Department
Example Outline

County personnel procedures and requirements for completion of the following workflow processes should be written and reviewed with staff on a continuing basis. These procedures and practices should be the basis for training new employees and for the cross-functional succession planning of leadership and staff.

1) Recruitment of employees.
2) Employment applications communications and processing.
3) Qualified candidate requirement verifications and communications.
4) Candidate interview and selection.
5) New hire paperwork, payroll, and benefits enrollment.
6) Personnel file development and contents.
7) Employee transfer and reassignment.
8) Payroll updates and processing.
9) Benefits employee communications and management.
11 Salary and compensation administration and management.
12) Board report requirements and development.
13) Employee leave and absence processing and management.
14) School Committee policy and procedure implementation.
15) Termination and retirement communications and processing.

Source: Created by Evergreen Solutions, 2011.

The workflow illustrated in **Exhibit 4-6** is a streamlined version of what was discussed with the Human Resources Director and was created based on approximately 20 enumerated steps in the general recruitment process. This is pointed out to indicate the relative ease with which these workflows can be developed. Illustrating the notes in a flowchart format took approximately one hour. Time should not be a limiting factor in seeing this recommendation through to completion.

FISCAL IMPACT

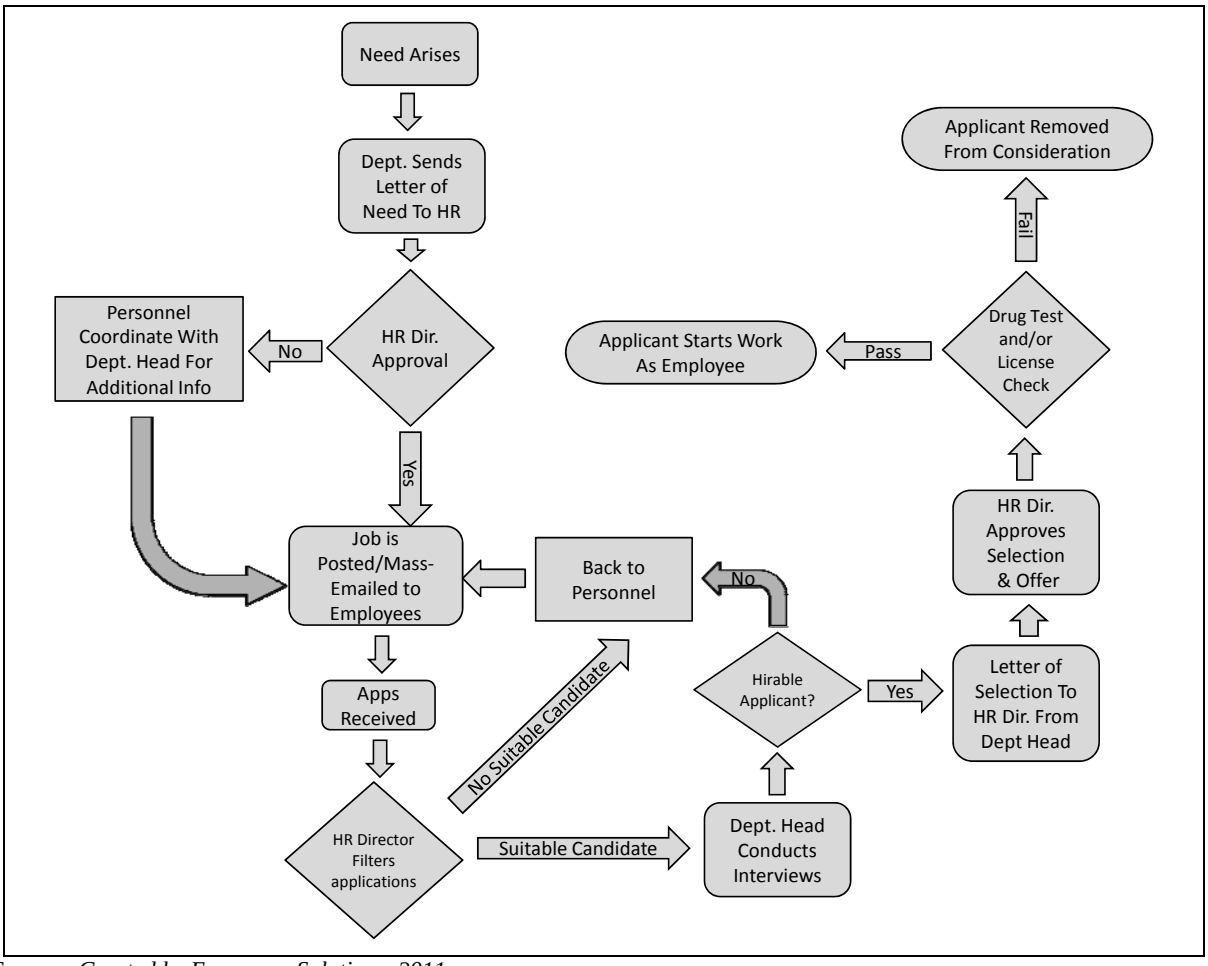
This recommendation can be implemented with existing resources and should have no additional cost requirements, other than staff time to develop.

FINDING

Lee County conducts a bi-annual survey of employee satisfaction. This survey includes questions pertaining to satisfaction with human resources services.

Customer satisfaction is an important goal for any internal service provider. For the human resources function, its customers are the employees of Lee County. A key component in measuring the County's success in delivery human resources services should be the overall satisfaction of the department's customers in the key areas of service provision. At present these data are collected and analyzed by the Director.

Exhibit 4-6
Sample Hiring Process Workflow



Source: Created by Evergreen Solutions, 2011.

The fact that this process is being undertaken is further proof that the efforts of the current Director to transition from record keeping to true human resources management are real and fruitful. These efforts should continue.

COMMENDATION

The Human Resources Department is commended for its commitment to regular surveys to assess employee satisfaction.

FINDING

Interviews with departing employees are also related to customer satisfaction. Currently, exit interviews are conducted whenever an employee quits, resigns, retires or is terminated. The information gleaned from these interactions are reviewed by the Human Resources Director and acted upon as the situation dictates on a case-by-case basis.

COMMENDATION

Lee County Government, and specifically its Human Resources Department, are commended for conducting exit interviews with departing employees.

FINDING

The Human Resources Department has worked diligently since the present Director was hired to increase the visibility of the department among employees and it has developed a wide array of employee appreciation and recognition programs—the most ambitious of which is the 'STARS" program. STARS stands for Service Through Attitude Rewards Success and is a program which serves to remind the employees of five "shared attitudes" which are designed to help the employees of the county "…provide exceptional service that our citizens and community expect and deserve."

The five shared attitudes identified in the STARS literature are:

- respect;
- team work;
- honesty;
- fairness; and
- positivity.

The goal of the program, as explained in the booklet which details its key components, is to create a "Culture of Service" among the workforce where employees are encouraged to constantly strive for improvement in light of these five key attitudes. The STARS program is well-conceived, clearly communicated, and allows for employee participation at all levels of the organization. STARS serves as one example of how the department is conducting itself as more than just a record keeping function for personnel matters and providing effective customer services.

Another example can be seen in the adoption of "Stress-Free Days" where employees are afforded time during normal business hours, to temporarily leave their workplaces and enjoy some of what Lee County has to offer in the way of public parks, picnics, and other activities.

An additional program of this kind which is focused on employee enrichment is "Learning Lee" where employees participate in a rotating educational program focused on educating and informing employees. Representatives from each department deliver three-hour presentations which detail department operations and organizational details. Exposing employees to the inner workings of other departments can improve empathy and camaraderie among staff, which should be encouraged whenever possible.

COMMENDATION

The Lee County Human Resources Department is commended for its commitment to providing services which enrich employees work lives and strive to improve morale.

4.3 HUMAN RESOURCES RECORDS

The maintenance of complete, well-organized, and accurate personnel records is one of the most important assignments of any human resources department. Personnel records contain confidential and historically valuable information on all employees. These records must be maintained in a secure environment that is accessible only to authorized staff. Personnel files are used on a daily basis by staff to provide job and salary verifications, produce personnel reports, develop required compliance documents, and maintain accurate data on a county's workforce.

FINDING

Lee County has formal and well-executed standards for electronically storing and maintaining personnel files at the central office building using the Laser-Fiche system. Electronic personnel files are established using a document imaging protocol where each personnel file has established subfolders for key categories of personnel data. This means that even if an employee has no data pertaining to disciplinary action, because they have never been reprimanded, their electronic file has a content template which includes a subfolder for the documentation of disciplinary actions should they occur at any point in an employee's career with the County.

Paper files are being kept in locked cabinets for the time being, but the Human Resources Department has plans to destroy them once 100 percent of the historical files are transferred to the electronic system. Overall, Lee County's central personnel files are in excellent condition.

A random audit of 15 central personnel files maintained in the Laser-Fiche system revealed generally well-organized personnel files. **Exhibit 4-7** shows a matrix of audited information and which randomly selected files contained that information.

Exhibit 4-7
Central Personnel File Audit Matrix

Position	401(K)	Application	BG Checks	Banking Documents	Certificates/ Accreditations/ Training	Disciplinary Actions	PAFs	Performance Appraisal	Personnel Data	Policy Acknowledgments	Tax Forms
Director	X						X		X	X	X
Housekeeping Assistant	X	X		X	X		X	X	X	X	X
Maintenance Mechanic	X	X		X	X	X	X	X	X	X	X
Director	X	X		X	X		X	X	X	X	X
Analyst	X	X									
Technician	X	X		X	X	X	X	X	X	X	
Jailer	X	*		X			X		X	X	X
Bailiff	X			X			X		X	X	X
Manager	X	X		X	X		X	X	X	X	X
Admin Support Assistant	X	X		X	X		X	X	X	X	X
Administrative Officer	X	X		X	X		X	X	X	X	X
Director	X	X		X	X		X	X	X	X	X
Social Worker III	X	X		X	X	X	X		X	X	X
Appraiser	X	X		X	X	X	X	X	X	X	X
Operator	X	X		X	X	X	X	X	X	X	X

Source: Created by Evergreen Solutions, 2011.

In addition to the content of the files themselves, the files must be supported by a comprehensive policy. Lee County has a comprehensive personnel records policy which clearly describes which types of information are a matter of public record, how the non-public information will be handled and secured, and also contains a rule for how files will be made available to the general public.

When coupled with the electronic measures taken to digitize all personnel files, the policy becomes all the easier to enforce which is a major benefit to Lee County.

An excerpt from the Lee County Privacy of Employee Personnel Records policy is shown in **Exhibit 4-8.**

Exhibit 4-8
Excerpt on Employee Personnel Records Policy

1.0 POLICY
In accordance with State Law, all information contained in County employees' personnel files maintained by the County of Lee is confidential, except information considered to be a matter of public record. The County shall maintain in personnel records only information that is necessary and relevant to accomplishing legitimate personnel administration needs.

2.0 DEFINITIONS

2.1 Public Record: The following information is a matter of public record:

A. Name
B. Age
C. Date of original employment or appointment to the County Service
D. The terms of any contract by which the employee is employed whether written or oral. Past and current, to the extent that the county has the written contract or a record of the oral contract in its possession
E. Current position and title
F. Current salary
G. Date and amount of each increase or decrease in salary
H. Date and type of each promotion, demotion, transfer, suspension, separation or other change in position classification
I. Office to which the employee is currently assigned
J. Date and general description of the reasons for each promotion
K. Date and type of each dismissal, suspension, or demotion for disciplinary reasons. If the disciplinary action was a dismissal, a copy of the written notice of the final decision of the county setting forth the specific acts or omissions that are the basis of the dismissal.

2.2 Employee Personnel File: A file that is maintained in the County Human Resources Department or that is maintained by an operating department, or which is a part of the Personnel Data System, and contains information relating to the employment record of any current or past employee of the County of Lee, permanent, non-permanent, terminated or retired

3.0 PROCEDURE / RULE

3.1 The Board of County Commissioners shall determine in what form and by whom this information will be maintained. Any person may have access to this information for the purpose of inspection, examination and copying, during regular business hours, subject only to such rules and regulations for the safekeeping of public records as the Board of Commissioners may have adopted. Any person denied access to this information may apply to the appropriate division of the General Court of Justice for an order compelling disclosure, and the court shall have jurisdiction to issue such orders.

Source: Lee County Government, 2011.

COMMENDATION

Lee County is commended for adopting a comprehensive personnel records policy as well as implementing a method and practice for maintaining these files electronically.

4.4 RECRUITMENT, HIRING, AND RETENTION

Perhaps the most critical functions performed by any human resources department are the recruitment, employment, support, and retention of a stable high quality workforce that can support a county in meeting its varied and unique challenges in providing essential public services to its citizens. The ultimate success in meeting agency's goals and objectives is dependent upon the workforce being able to implement initiatives and accomplish results in the context of essential job functions.

In the absence of formal plans in these key areas, agencies are left, in many cases, without information which can guide decisions related to personnel decisions and activities.

Another benefit of an effective recruitment plan and process is that, over time, it will improve the quality of candidates hired and lead to longer tenure, thus reducing turnover. Turnover is proven to have an associated cost. There are a number of widely utilized methods for calculating the cost of turnover, but a widely cited number is that turnover costs approximately 30 percent of the departed incumbent's annual salary. With this reality, eliminating turnover by implementing more effective recruitment practices can be beneficial.

FINDING

Lee County presently has no written plan for the recruitment or retention of its employees. The benefits of a well-defined recruitment and retention plan include increases in efficiency and the recruitment of a more qualified workforce that is prone to remain employed.

Retention and turnover are not currently major concerns of Lee County. Turnover is reportedly very low and tenure of the workforce is reportedly above average. With that being said, Lee County would benefit from more intentional planning for its recruitment efforts.

The Human Resources Director can use her experience from a career in the private sector to contribute and facilitate the development and implementation of the recommended plan.

RECOMMENDATION

Recommendation 4-5:

Implement a recruitment and retention plan focused on increasing the recruitment and retention of qualified employees.

While Lee County currently finds itself in a comfortable position of not struggling with turnover and retention issues, developing long-term strategies designed to improve the quality of hired employees will undoubtedly benefit the County over time. In addition, recruitment plans can have an overall positive impact on diversity within an organization, which is another area where Lee County is currently inactive.

Sample elements of a recruitment plan are displayed in **Exhibit 4-9**.

Exhibit 4-9
Sample Elements of a
Recruitment Plan

- Timeline that includes fixed dates for advertising, receiving applications, performing reference and/or background checks, interviews (first and second round), offer of employment, confirmation letter, and start date
- List of potential staff who will work on a focused campaign
- Survey of public relations/marketing materials — and ideas for revision if necessary
- Budget
- Number of member positions
- Target number of applications
- Standardized application form
- Comprehensive member descriptions that include position title, location and program summary, description of typical service activities, duties and responsibilities, and member benefits
- Support network strategy for members
- Role of staff in relation to members and volunteers
- Orientation and training plan
- Accessibility and inclusion issues related to people with disabilities and cultural diversity
- Assessment of physical space and resources

Source: Created by Evergreen Solutions, 2011.

Many aspects of this proposed plan are already taken into account during the recruitment process; however, Lee County does not consistently consider them in a specific and measured manner. Setting standards for such variables as the minimum applicant pool size, and the list of staff members from different departments who will participate in the recruitment process, are critical.

Lee County should also adjust this plan periodically based on observed failures and successes in the recruitment process. If a particular job continues to turn over for example, after several recruitments which followed the prescribed plan, the plan itself and the methods used in the recruitment process should be examined for their ability to identify the most suitable candidates.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

Lee County does not have an Employee Handbook. The comprehensive personnel policies are being used as a de-facto handbook when employees are hired; however there is no stand-alone handbook that employees can quickly reference for their employment informational needs. Employee handbooks are important sources of information that help employees understand agency expectations as well as rules and regulations that govern their employment. Handbooks also provide insight regarding policies and procedures that impact day-to-day operations and the working environment.

An Employee Handbook should contain much more complete and "how to" information and should be updated on an annual basis. This comprehensive manual should include references to applicable regulatory language for relevant jobs and provide general information on most employee-related issues, services, and requirements. Much of the information which would typically be included in an employee handbook is distributed as a part of the new-hire orientation process. If this information were unified and packaged under a unique cover, it could easily serve as the foundation for a comprehensive guide.

A copy of the Table of Contents for a sample Employee Handbook is provided in **Exhibit 4-10.**

Many items identified in this sample table of contents were observed and collected as a part of this performance audit. While not all of them are considered mandatory, they are all excellent items to include in a central document of this type.

RECOMMENDATION

Recommendation 4-6:

Create an Employee Handbook with explanations of and references to the most relevant policies and procedures for employees.

The County utilizes its comprehensive personnel policy as a handbook, and it is distributed at orientation. This is coupled with a detailed policy orientation procedure for new employees where important information is disseminated. While personnel policies are an important component of an Employee Handbook, they are not a completely sufficient alternative.

An Employee Handbook should be produced in both paper and online, web-based formats and contain clarifying information that can assist employees in both understanding requirements and working in accordance to expectations for employment in Lee County.

The recommended handbook should contain information with references to applicable employment contracts, policies and procedures explaining services provided, where to find related information, and how to access or comply with each. New employees need to know the roles of each department or office as well as the contact information for seeking additional information or assistance.

Employees should be informed of all job and work-related expectations and requirements with appropriate references on how to access additional information from responsible officials or departments.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Exhibit 4-10
Sample Employee Handbook
Table of Contents

SECTION 1 – INTRODUCTION

1.0 Welcome Message from the County Manager

- **The Company Mission**
- **Equal Employment Opportunity Policy and Affirmative Action Plan**
- **Employment-At-Will**
- **Sexual Harassment**
- **Safety**
  - Safety Rules
  - Hazardous Wastes
  - Reporting Injuries and Accidents
- **Drug Free Workplace**
  - Prohibitions
  - Drug Awareness Program
  - Disciplinary Actions

SECTION 2 - EMPLOYMENT

2.0 Personnel Administration

- **HR Personnel Records**
  - Contents of Personnel Files
  - Employee Information
  - Employee's Request for Review of Personnel Records
  - Management Review of Personnel Files

- **Service**
  - Employee Categories
  - Job Posting Procedures
  - Employment of Relatives
  - Employment of Minors
  - Promotions
  - Separation of Employment
  - Work force Reductions
  - Probationary Period
  - Extra Income

- **Process Improvement**
  - Employee-Management Forums
  - Employee Suggestion Program

SECTION 3 - COMPENSATION & BENEFITS

3.0 Benefit Eligibility

- **Payroll Information**
  - Time Records
  - Pay Periods

Exhibit 4-10 (Continued)
Sample Employee Handbook
Table of Contents

- Salary Compensation for Partial Pay Period
- Pay Rate Schedule / Hourly Paid Employees
- Payroll Deductions
- Overtime
- Payroll Errors
- Garnishment of Employee Wages
- Authorized Check Pickup
- Pay at Time of Separation

- **Attendance & Leave**
  - Medical Leave Policy
  - Sick Leave Credit Limit
  - Sick Leave Policy / Usage
  - Medical, Dental and Optical Appointments
  - Exhaustion of Accumulated Sick Leave
  - Pallbearer, Funeral, Emergency Leave
  - Civic Leave or Jury Duty
  - Voting
  - Military Leave
  - Maternity Leave
  - Parental Leave
  - Leave of Absence

- **Transportation & Travel**
  - Company Owned Vehicles
  - Personal Vehicles
  - Living Expense Allowance
  - Other Travel Expenses
  - Expense Records
  - Travel Advances
  - Expense Reimbursement / Third Party
  - Expense Policies / Violations
  - Company Credit Cards

- **Insurance**
  - Hospitalization and Medical Insurance
  - Continuation of Group Health Insurance (COBRA)
  - Life Insurance
  - Long Term Disability Insurance
  - Social Security
  - Workers' Compensation
  - Unemployment Compensation

- **Savings Plan 401 (K)**
- **Break Room**
- **Employee Discounts**
- **Educational Assistance**

SECTION 4 - EMPLOYEE RESPONSIBILITIES

- **Work Schedules**
  - Working Hours
  - Salary Employees
  - Hourly Employees
  - Clean Work-Place

Exhibit 4-10 (Continued)
Sample Employee Handbook
Table of Contents

- **Legal & Ethical Conduct**
  - Ethical Standards
  - Conflicts of Interest
  - Personal Conduct
  - Confidentiality

- **Misconduct**
  - Serious Misconduct
  - Very Serious Misconduct
  - Inexcusable Misconduct
  - Misconduct Investigations

- **Appearance & Belongings**
  - Personal Appearance
  - Business Attire
  - Casual Attire
  - Inappropriate Attire
  - Personal Belongings
  - Alcohol and Drugs
  - Medication
  - Smoking Policy

- **Equipment & Facilities**
  - Parking
  - Telephone Use
  - Motor Vehicle and Workplace Equipment Operation
  - Safety Equipment
  - Company Tools
  - Waste Prevention
  - Solicitation and/or Distribution
  - Security
  - Bulletin Board

Source: Created by Evergreen Solutions, 2010.

FINDING

New employee orientation is the process by which new employees become knowledgeable of their new employer. Orientation is the first opportunity the county has at making a first impression on what life is going to be like as an employee in the County.

Lee County maintains a detailed orientation curriculum which includes all of the expected subjects. Orientation in Lee County is managed by one member of the Human Resources staff who oversees the content of the meeting(s). Among the many pieces of information given to employees in a new-hire packet is a "Check List for 1st Day Orientation (for benefitted employees)".

Exhibit 4-11 shows the orientation checklist for new employees of Lee County.

Exhibit 4-11
1st Day Orientation Checklist for
New Lee County Employees

Employee Application (except Sheriff/Jail)

Personal Data Sheet

I-9 Citizenship Form

Tax Forms (W-2 & NC-4)

Direct Deposit Form

Collection and Use of Social Security Numbers

Policies

Employee ID Badge

Workers' Compensation Fraud Form

Comp Time Agreement

Probationary Memo of Understanding

Retirement and 401(k) Memo of Understanding

Nationwide Retirement Packet

Cafeteria Benefits Plan Booklet

Cafeteria Form and Insurance Documentation

COBRA Initial Notification

Summary of Benefits

I have received the forms and understand the documentation listed above:

_____

Employee's Signature **Date**

Source: Lee County Human Resources Department, 2011

COMMENDATION

The Lee County Human Resources Department is commended for having a detailed curriculum for new hire orientation.

4.5 COMPENSATION AND CLASSIFICATION

A well-organized plan for classification and compensation is essential for a county government to maintain a stable high quality workforce. Classification systems and compensation schedules must be regularly monitored to maintain their internal fairness and consistency, while at the same time stay competitive with the external marketplace.

FINDING

The Human Resources Department has taken appropriate responsibility for overseeing the maintenance of its compensation and classification plan by implementing a plan for the completion of a compensation and classification study every three to five years. This regular commitment to consistent maintenance is a positive factor for the County's workforce.

A strong compensation and classification system fails to meet an organization's needs if it does not have strong administrative support. Maintenance is the hidden need and cost of most systems. In Lee County, human resources are divided among the staff in a clear and logical way which allows for professional collaboration. In general, the majority of management of the compensation and clarification plan is the primary responsibility of the Director who oversees the regularly scheduled compensation and classification studies. Even this, though, is a collaborative responsibility that is shared with other staff members.

At the time of this review the County was in the process of conducting a comprehensive compensation and classification study. It is being performed by a third-party consulting firm, Springsted. Springsted is completing a comprehensive job audit process using their own point factor scoring methodology while at the same time, assessing the local and regional job market for external market equity. Methodologically, Springsted appears to be following common best practices in compensation and classification evaluation. Such studies are critical in maintaining healthy compensation and classification studies and should remain a priority into the future.

Annual processes for updating the compensation plan may include small targeted telephone surveys of compensation trends in the surrounding area and the regular commissioning of comprehensive studies every three to five years to address Lee County as a whole. This is a practice which should be continued and made a priority.

COMMENDATION

The Lee County Human Resources Department is commended for its commitment to maintenance of the compensation and classification plan through regular independent study.

FINDING

Job class descriptions are typically developed and disseminated for every position in a given agency. Lee County maintains written classification or job descriptions for every job.

New and revised job descriptions include provisions for the requirements of the Equal Employment Opportunity Commission, Fair Labor Standards Act, and the Americans with Disabilities Act along with other legal requirements.

COMMENDATION

Lee County is commended for maintaining up-to-date classification descriptions for its employees.

4.6 PERFORMANCE MANAGEMENT

Employee performance assessment is another essential component of a well-managed county government. Regular feedback on work performance in both an informal as well as a formal basis helps employees better understand and work towards meeting expectations. Employees should be held accountable for meeting performance expectations while leaders and supervisors should be held accountable for performing their duties as well as monitoring the performance of subordinates and conducting effective performance evaluations.

The provision of regular performance assessments provides direction and guidance for quality performance. Performance assessments can be an effective tool for setting expectations, monitoring performance, identifying training needs, and developing performance improvement plans.

FINDING

In Lee County, annual performance assessments are conducted using two primary instruments. One instrument is for FLSA exempt employees and the other one is used for FLSA non-exempt employees. One additional instrument exists to address the specific needs of employees in the Department of Social Services.

Each group is divided into a self-evaluation, a mid-year evaluation, and a final evaluation. The evaluation is further supported by a performance planning document.

Evaluations are scored on a five-point scale:

- Exceeds Expectations (5) - Makes significant contribution to the department or County results. Overall performance consistently exceeds the requirements necessary to fulfill the principal duties objectives and expectations of the position.

- Meets Expectations (4) - Overall performance exceeds many of the requirements necessary to fulfill the principal duties objectives and expectations of the position.

- Meets Expectations (3) - Overall performance meets all requirements necessary to fulfill the principal duties objectives and expectations of the position.

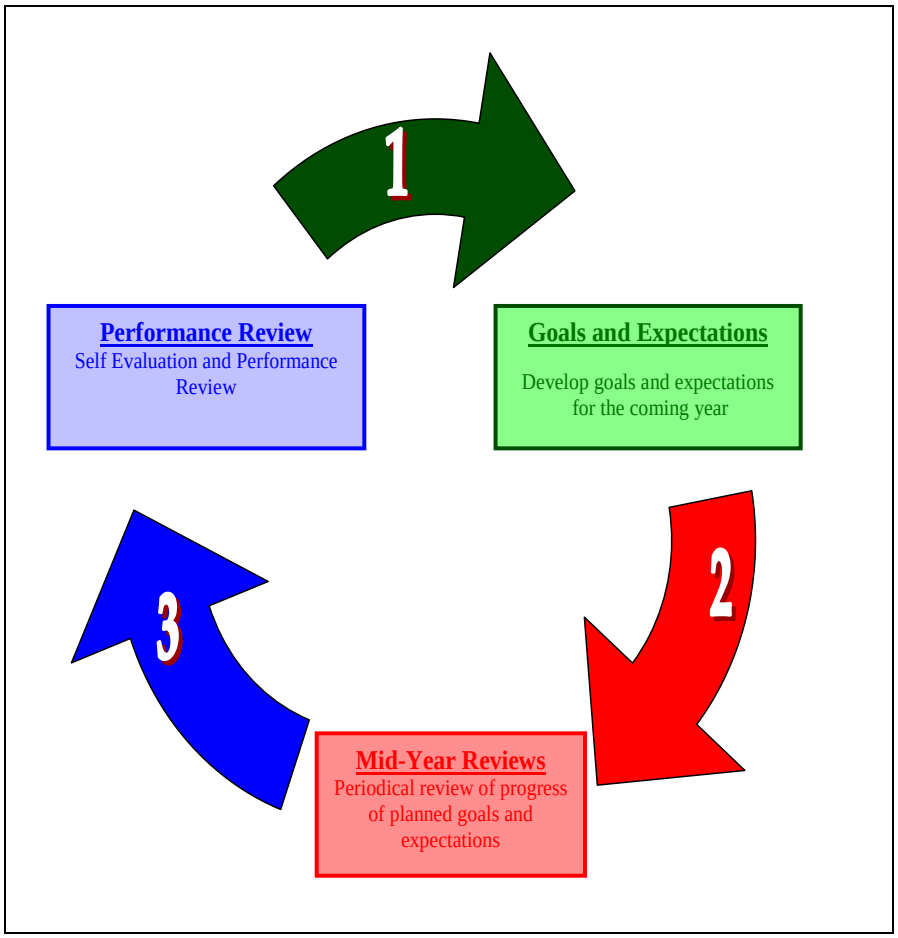
- Meets Expectations (2) - Overall performance meets some but not all requirements necessary to fulfill the principal duties objectives and expectations of the position.

- Unacceptable (1) - Overall performance fails to meet all or most of the requirements necessary to fulfill the principal duties objectives and expectations of the position.

The three central performance levels are each called "Meets Expectations," but are worth variable point values based on the level of acceptability. This is a unique approach to performance management which is reportedly working very well in Lee County.

Lee County properly considers the performance management process as an ongoing cycle. This is demonstrated best in a graphic which is displayed in the County's *Employee Performance Guidelines* document which is distributed to supervisors to educate them about the process. This graphic is displayed in **Exhibit 4-12.**

Exhibit 4-12
Lee County Performance Management Process Graphic



In the same document, supervisors are provided a simple chart (**Exhibit 4-13**) which illustrates how the review process for individual employees would work and how effective feedback can be given. This is another example of the coaching that occurs for supervisors in the context of the overall system. By emphasizing effective feedback, Lee County is developing higher quality managers and a more effective system for managing performance.

Exhibit 4-13
Lee County Performance Management
Supervisor Feedback Guide Chart

Clarify Expectations	**Obtain Suggestions**	***Actively Plan***	**Clarify Consequences**	**Honor Commitments**
You may need to clarify your expectations and redirect employees toward accomplishing their goals or expectations	You should give employees an opportunity to explain which goal or expectation, if any, they are not meeting and ask them for their ideas on how they can get back on track	Once a potential problem is identified and solutions suggested, you and the employee should agree on a specific course of action	It is important that the employee understand the consequences of achieving or not achieving his/her goals or expectations (or not demonstrating appropriate behaviors)	Before ending the discussion, you should obtain commitment to new actions and follow through on supporting the employee
B E S U P PO R T I V E				
You can create a positive, collaborative relationship with employees by seeking their input and comments. A good Supervisor conveys understanding, acknowledges a job well done and offers support when appropriate.				

COMMENDATION

Lee County is commended for assembling a most comprehensive evaluation packet for employee evaluations.

CHAPTER 5:
TECHNOLOGY MANAGEMENT

5.0 TECHNOLOGY MANAGEMENT

Thirty years ago, Information Technology (IT) was viewed as an accessory or a luxurious addition to the highest performing local government entities, and even for many private businesses. This is no longer the case; technology has evolved into the keystone component of virtually every government organization which provides services to all economic sectors. Effectively implemented technology drives analysis and evaluation processes, allows government leaders and employees to make data-driven decisions that positively impact the services delivered to citizens. Rarely can a county or city government become as effective and efficient as the potential of their employees would allow without many of their processes being automated and bringing technology to the forefront of their organization.

According to employees and IT professionals interviewed in the context of this review, the IT Department has served the employees of the Lee County Government well in the support and maintenance of its IT resources. The IT Department has also taken part in a number of successful and impactful major projects which have had a positive influence on the county's operations. Two examples of this are the Laser-Fiche document imaging implementation which has allowed the Human Resources Department to electronically store and search all personnel records. Another example is the implementation of the Kronos time keeping system which has changed the way that time and attendance are processed in the county, simplifying the system and providing an automated method for countering time clock abuse and reducing errors in the calculation of overtime or compensatory time, in addition to eliminating the paper time sheets which were formerly used.

This chapter reviews staffing, organization, systems, and policies related to administration and implementation of technology resources within the County in five sections:

5.1 Organization and Staffing
5.2 Technology Planning and Management
5.3 Staff Development
5.4 Systems and Operations
5.5 Interlocal Agreement

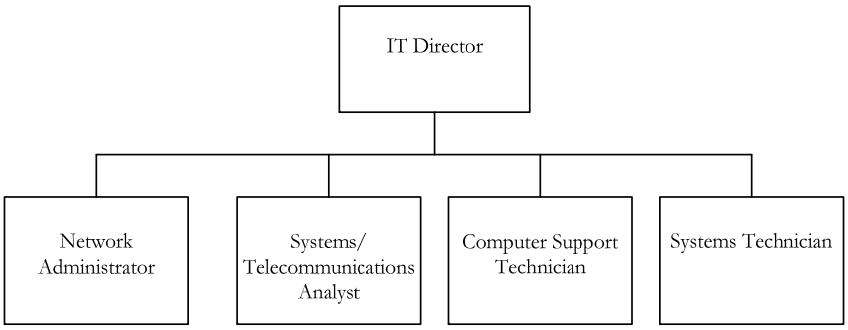
5.1 ORGANIZATION AND STAFFING

Ideally, technology is one area of a county government that supports all administrative and external service personnel in a positive manner, allowing them to conduct the business of local government county in a way that maximizes the effectiveness of all resources. Organizing technology resources to effectively achieve this outcome can be challenging, but is necessary for success. Not only does it require appropriate staffing levels, but also the necessary skills, tools, and leadership.

FINDING

The organizational structure for supporting technology in Lee County Government is shown in **Exhibit 5-1**.

Exhibit 5-1
Organizational Structure of the Technology Department in Lee County Government



Source: Created by Evergreen Solutions, 2011.

As can be seen, the IT function is organized in a formal, stand-alone department and has, at its head, a Director who provides authority over department operations, customer service, hardware and software support, network infrastructure and budgeting. Like many departments in Lee County, IT is relatively flat in the sense that there are not multiple layers of management. Each of the department's four technical staff reports directly to the Director.

Each job classification follows a naming convention which is common in the industry and aptly describes the functions of the employees in those roles. Each class has an updated job description and they are assembled with appropriate emphasis on minimum qualifications and essential job functions.

Overall, the present IT organizational structure is a source of strength for the department. It appropriately delineates responsibilities while respecting the differences among the positions. Each individual maintains a unique set of skills and operates in their own unique manner which coincides with their job classification to accurately describe the essence of the work being performed.

COMMENDATION

Lee County is commended for its implementation of a sound IT organizational structure.

FINDING

Including the Director, Lee County employs five full-time IT employees. Like many organizations who are evaluated regarding the strengths and weaknesses of their operations, the issue of staffing arises as a concern. It is appropriate to consider whether or not the department is adequately staffed to meet the service demands of Lee County's total technology landscape.

In determining whether or not these staffing levels are sufficient, comparing them to geographic and demographic peer organizations in and around the locality is helpful. When comparisons are made to peer counties, as shown in **Exhibit 5-2**, Lee County's IT staffing ratio of 95:1 (computers to IT FTE) is essentially equal to that of its peers. Granville, with its single reported FTE is the outlier in this respect. Lee County's IT staffing level is comparable to peer counties.

Exhibit 5-2
Summary of IT Staffing Levels
in Peer Counties

County	Total County FTE	Total FTE - IT Personnel	Count of County				Comps to IT FTE Ratio
			Laptops	Desktops	Total Laptops and Desktops	Servers	
Lee	**340**	**5**	**100**	**375**	**475**	**40**	**95:1**
Chatham	450	11[1]	196	382[2]	578	79[2]	59:1
Franklin	444	3	n/a	n/a	385	18	134:1
Granville	276	1	127	281	408	28	436:1
Harnett	880	11.5	323	736	1,059	22	94:1
Rutherford	408[3]	6	n/a	n/a	500	55[4]	93:1
Stanly	436[5]	5[6]	100	270	370	26[7]	79:1
Surry	650	8[8]	233	467	700	48[9]	94:1
Average	**485.5**	**6.3**	**177.5**	**407.7**	**549.5**	**37**	**93:1**

Source: Evergreen Solutions, 2011.

[1]10 MIS FTE and 1 GIS FTE
[2]Desktops (physical) – 302; Desktops (virtual) – 80; Servers (virtual) – 62; Servers (physical) - 17
[3]15 physical and 40 virtual
[4]Source: UNC School of Government, Fall 2010. The UNC School of Government could not confirm if this count was FTE or all employees.
[5]Of the 436 total FTE, 22 FTE are funded via enterprise functions (utilities and airport). The remaining 414 FTE are General Fund.
[6]Three (3) FTE focus solely on IT issues. Two (2) FTE also perform GIS/mapping duties. The County also contracts with a local vendor for some IT support for the 911 Center.
[7]Servers include 911 Center, Library and all County operations. The County has also taken on a couple of server virtualization projects to increase IT efficiency
[8]Includes one 911 position
[9]29 virtual servers and 19 physical servers

With 475 pieces of equipment and five full-time IT staff, Lee County has an approximate ratio of one FTE for every 95 computers. **Exhibit 5-2** demonstrates that this is in line with local peers and in some cases, a slightly lower meaning that Lee County has slightly fewer computers per IT FTE which indicates an appropriate staffing model. The only dramatic outlier is seen in Granville where only one FTE is responsible for the entire organization's IT infrastructure.

RECOMMENDATION

Recommendation 5-1:

Maintain current IT staffing levels until a time at which the computer count increases substantially and the staffing ratio exceeds 100 computers per IT FTE.

A ratio of 100 computers per IT FTE will begin to strain IT staff in such a way that considering an additional full time employee may become necessary. This will occur when Lee County adds approximately 25 additional computers.

It should be restated that the Lee County IT inventory used for the creation of this exhibit was a working document which is still in the process of being validated. It does present an accurate picture of the current IT assets, but as with any inventory it is everchanging.

FISCAL IMPACT

This recommendation can be accomplished with existing resources.

5.2 TECHNOLOGY PLANNING AND MANAGEMENT

Effective and comprehensive technology planning is the foundation for successful technology implementation and development. Technology in a county is not simply a stand-alone program; it is a long-term ongoing effort that affects every aspect of government operations. The technology planning process is complicated. There are many factors to consider, including internal and external service delivery, legislated data reporting, funding, training, and staffing for support and maintenance.

On average, technology plans should cover between three to five years; this is due to the quickly changing nature of technology. This is illustrated clearly by the integration of tablet computers (such as the Apple iPad and other similar devices) in certain capacities in local government. Ten years ago, very few, if any, long-range technology planners foresaw the impact that these devices would have or the acceptance they would meet with end users. The speed with which new technology is designed and implemented makes planning beyond five years a significant gamble. By analyzing current trends in system demographics and available technology, planners can predict what the needs of the system will be and what technology will be available to fill those needs. Technology, however, is the fastest changing segment of our society, so frequent updates and revisions of any technology plan are required.

FINDING

Lee County has a technology plan for 2009 through 2011. This three-year plan contains the following sections:

- Digital Printing/Copying
- Document Imaging
- Enterprise Resource Packaging (ERP)
- Website
- Internet Connectivity
- Server Infrastructure
- Network Infrastructure
- Interoffice Connectivity
- Telecommunications

- Storage and Data Recovery
- Desktop and Laptop Infrastructure
- Microsoft Licensing
- Wireless
- PEG
- Forms
- NAC
- Email
- Out of Region Disaster Recovery Storage

The present plan is organized in a way that would commonly be expected from a technology plan; however, it lacks many details and seems to spend a fair amount of its time providing the statuses of past projects and efforts rather than looking to the future in great detail. There is very little in the way of project planning, tracking, or budgeting associated with the plan. The statements found in the planning document are well conceived and accurate in their assessments of each of the key areas, but offer little in the way of actionable planning.

For example, the segment of the plan dealing with Wireless access reads as follows:

> *The demand for wireless connectivity to private county data is growing daily. Currently Lee County only deploys Internet access through non-managed access points. As the wireless infrastructure becomes more and more the norm the IT Department continues to monitor this need and plans for deployment in the future. It will be important to ensure reliability, bandwidth, and most importantly security while planning for deployment of countywide LAN wireless and we will be able to leverage our existing network infrastructure to do properly implement this solution when the time comes.*

A more detailed technology plan should include very specific data. This statement effectively communicates the need for improved wireless systems, but does not explain the timeline for implementation of any new systems, hardware or policy documents dealing with the issue. It references the IT Department "monitoring and planning for deployment of countywide LAN wireless…," but provides no details. Such details belong in this document, if they exist; if they do not exist, they need to be developed.

RECOMMENDATION

Recommendation 5-2:

Update the existing IT planning document to include more project-level planning information.

There are many online resources which provide free templates and samples for creating detailed technology plans. One of the simplest to use has been created by an online group called *TechSoup* and is available online at *http://www.techsoup.org/learningcenter/techplan/archives/page9751.cfm.* Not only does it provide the framework from which a successful plan could be developed, it also provides samples of key steps in the planning process and gives action steps for completing them.

The website explains:

> *This comprehensive document will outline what your organization's plan should include, and walk you through the steps of assessing your needs, of taking inventory of your current equipment, and of creating a prioritized plan for the future.*
>
> *The worksheet is split into two sections. Section one provides tools and forms for documenting IT needs, policies, and procedures; establishing technology management practices; and strengthening an existing infrastructure.*
>
> *Section two delves into best practices, from technology-use policies to annual training budgets to ergonomics. This portion of the worksheet will help you revamp your procedures, and get the most from your technology.*

A resource such as this would be invaluable to Lee County, which has a fair grasp on what its IT strategic needs are, but lacks the roadmap for how to attain them.

A more forward-thinking and comprehensive IT strategic plan would allow for reliable prediction of future IT needs and allow for more effective budget planning of IT expenses. The new plan should more fully develop the areas pertaining to Infrastructure, Staffing, Professional Development, Budget, and Network Coverage.

Exhibit 5-3 shows one section from the *TechSoup* planning template as an example. There are many additional schools of thought regarding what comprises an effective strategic plan; another option regarding elements of a strategic plan is displayed in **Exhibit 5-4.**

Exhibit 5-3
Sample Technology Planning Element

	Document Policies and Procedures	Assignee	Staff Hours	Consult. Hours	Est. Cost
1	The technology team should review which procedures are the most common which, if documented, could reduce administrator time and increase employee satisfaction.				
2	The technology team needs to review which computer usage polices should be drafted.				
3	Documentation for policies and procedures should be finalized based upon what Miriam has already created.				
4	Documentation and any required training should be deployed.				
	Total estimated Staff hours				
	Total estimated Consulting hours *Cost estimate is for consulting hours estimated at an average of $100/hour.				
	Total estimated cost to the organization				

Source: Created by TechSoup, 2011.

Exhibit 5-4
Components of an IT Strategic Plan

Component	Purpose and Key Question to Ask at Each Step
Mission	To define IT's core purpose
	"Why do we exist?"
Vision	To explain where IT is headed and our future state.
	To formulate a picture of what IT's future makeup will be and where is IT headed?
	What will IT look like in 5-10 years?
SWOT	To assess the particular strengths, weaknesses, opportunities and threats that are strategically important to IT.
Strategic Objectives	To connect IT's mission to its vision.
	Strategic objectives are long-term, continuous strategic areas that get IT moving from the mission to achieving the vision.
	What are the key activities that IT needs to perform in order to achieve its mission?
Short-term goals/priorities/initiatives	To set goals that convert the stratec objectives into specific performance targets.
	Effective goals clearly state what, when, how and who and are specifically measurable.
	What are the 1-3 year goals IT is trying to achieve to get to its strategic objectives?
Action Items/plans	To set specific action plans that lead to implementing your goals.
	Are your actions comprehensive enough to achieve your goals?
Scorecard	To measure and manage IT's strategic plan.
	What are the key performance measures you can track in order to monitor whether you are achieving your goals?
Financial Assessment	To determine whether IT's strategic plan makes financial sense.
	Do the estimated opportunity costs of not proceeding outweigh those of going forward?

Source: Created by Evergreen Solutions, 2011.

FISCAL IMPACT

This recommendation can be implemented with existing staff and free online resources.

FINDING

Lee County does not have a comprehensive, information technology disaster recovery plan. Interviews with staff revealed that there are actions being taken that support a technology disaster recovery plan, such as regular backups of major systems, but there is no formal document or procedure to be followed in case of emergencies. The key element missing from the informal approach being used now is the lack of a business continuity plan. In essence, after a disaster occurs, where will information technology operations be housed, how soon could it be operational, and what is the resource allocation necessary to be successful.

The development of a comprehensive IT disaster recovery plan is a critical element of IT operations that cannot be overlooked. The cost of overcoming catastrophic loss of proprietary data is almost impossible to calculate and with the County being in an area which has felt significant impact from natural disasters, the need to fully plan for these events becomes more evident.

Lee County does have a document from 2007 called *Lee County Information Technology Emergency Action Plan.* To quote from the document:

> *This Emergency Action Plan is intended to provide guidelines on general evacuation and means of egress along with severe weather procedures that will help provide protection against injury to our employees and customers, damage to property, and disruption of business operations. All employees are to become familiar with the provisions of this plan in an effort to make their responses automatic in the event of a possible fire or other emergency requiring evacuation.*

Having standard procedures in place for how a department will respond to and be protected in the case of a disaster is important, but does not take into account the technological response or data preservation that should be included in such events. A comprehensive disaster recovery plan will couple with this document and add technology-centered responses to various disasters, specifically dealing with maintaining continuity of service and data protection.

RECOMMENDATION

Recommendation 5-3:

Develop a Disaster Recovery Plan to cover critical systems in the event of interruption of service.

There are many key elements to an effective plan; including but not limited:

- the creation of a disaster recovery team;
- a list of persons to contact after a disaster; and
- an assessment of critical division functions, essential office equipment, and staffing needed immediately to recover from a disaster.

A disaster recovery plan must include contingency and back-up plans for information technology.

Exhibit 5-5 lists the components of a sample disaster recovery plan.

FISCAL IMPACT

The creation of the disaster recovery plan can be implemented with existing resources.

FINDING

Currently, there are no written procedures for conducting the essential functions related to technology in Lee County. Methods for performing day-to-day tasks (such as system installation, software updates, technical support request handling, etc.) have been developed informally over time. This is equally true for more technical and labor intensive IT efforts as well as daily backups, email account administration, server reboot processes, and network troubleshooting steps.

Exhibit 5-5
Summary of Key Disaster Recovery Plan Elements

Step	Details
Build the disaster recovery team	• Select a disaster recovery team that includes key policymakers, building management, end-users, key outside contractors, and technical staff.
Obtain and/or approximate key information	• Develop an exhaustive list of critical activities performed within the County. • Develop an estimate of the minimum physical space and equipment necessary for restoring essential operations. • Develop a timeframe for starting initial operations after a security incident. • Develop a list of key personnel and their responsibilities.
Perform and/or delegate key duties	• Develop an inventory of all assets including data, software, hardware, documentation and supplies. • Set up a reciprocal agreement with comparable organizations to share each other's equipment or lease backup equipment to allow the district to operate critical functions in the event of a disaster. • Make plans to procure hardware, software and other equipment as necessary to ensure that critical operations are resumed as soon as possible. • Establish procedures for obtaining off-site backup records. • Locate support resources that might be needed (e.g., equipment repair, trucking, and cleaning companies). • Arrange with vendors to provide priority delivery for emergency orders. • Identify data recovery specialists and establish emergency agreements.
Specify details within the plan	• Identify individual roles and responsibilities by name and job title so that everyone knows exactly what needs to be done. • Define actions to be taken in advance of an occurrence or undesirable event. • Define actions to be taken at the onset of an undesirable event to limit damage, loss, and compromised data integrity. • Identify actions to be taken to restore critical functions. • Define actions to be taken to reestablish normal operations.
Test the plan	• Test the plan frequently and completely. • Analyze the results to improve the plan and identify further needs.
Deal with damage appropriately	• If a disaster actually occurs, document all costs and videotape the damage. • Be prepared to overcome downtime on your own; insurance settlements can take time to resolve.
Consider other significant issues.	• Do not make a plan unnecessarily complicated. • Make one individual responsible for maintaining the plan, but have it structured so that others are authorized and prepared to implement it if needed. • Update the plan regularly and whenever changes are made to your system.

Source: Adapted from the Technology and Security Task Force, National Forum on Education Statistics, "Safeguarding your Technology," 2011.

Written technology procedures provide an essential link in the event of a prolonged absence of the key person or persons responsible for core IT functions. For example, if the Systems/Telecommunications Analyst were to miss an extended period of work for any reason, there are no centralized written instructions for how to conduct the functions that she is responsible for.

This places Lee County in unnecessary jeopardy of lost productivity as the County would undoubtedly scramble to identify people capable of stepping into that role in the short term. Without written procedures for these core functions, it may be required that a temporary contractor be brought in on short notice to administer some of these core operations. At this point, the financial impact of such an absence becomes potentially significant.

RECOMMENDATION

Recommendation 5-4:

Create a Technology Procedures Manual.

As a minimum, technology procedures should be documented and distributed electronically for the following areas:

- software installation and license maintenance;
- equipment connectivity;
- equipment maintenance, repair, and replacement;
- virus prevention, spyware, and firewall software (basic security);
- backup requirements and procedures;
- disaster recovery activities and storage requirements;
- technical support transactions and expectations; and
- customization, reporting, and system procedures.

The creation of a Technology Procedures Manual should be managed by the IT Director and IT staff members should contribute to the section within their area of responsibility. The draft document should be circulated to all IT staff for feedback and then to other users. Once completing this second round review, the document should be finalized and made available in an electronic format and physical format when necessary.

The IT Director should work with members of the department staff to update this manual on a regular basis as methods and processes are prone to change frequently as technology changes.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

At present, some performance metrics are collected in the department's help ticket tracking system called "TrackIT!". These are used for the purpose of evaluating the effectiveness of IT operations within the County with respect to things such as time to respond to service calls.

While the emphasis in recent years has been the successful implementation of countywide programs (such as Kronos for timekeeping and Laser-Fiche as previously discussed), the IT Director has used the tools at his disposal to track department performance.

Performance metrics are an invaluable tool for assessing operational unit performance and communicating the level of output to leaders and staff. Performance measures (metrics) were defined in 1980 by Government Accounting Office (GAO) as an assessment of an organization's performance, including measures of:

- **Productivity**, which quantifies the outputs and inputs of an organization and expresses the two as a ratio. Generally, the ratio is expressed as output to input (for example, inspections per staff-day).

- **Effectiveness**, which determines the relationship of an organization's outputs to what an organization is intended to accomplish.

- **Quality**, which examines an output or the process by which an output is produced. Quality is indicated by attributes such as accuracy (or error rate), thoroughness, and complexity.

- **Timeliness**, which evaluates the time involved producing an appropriate output.

When designing measures, the following characteristics should be kept in mind:

- validity;
- reliability;
- easily understandable by the consumer;
- comprehensive of the County's operations;
- diagnostic in nature;
- sensitive to the cost of collection; and
- focused on those factors that are more controllable by the County.

After these data are collected, they are reviewed by the Director and used to alter services when necessary. These data are not, however, widely reported.

COMMENDATION

The Lee County IT Director is commended for collecting and tracking performance measures.

RECOMMENDATION

Recommendation 5-5:

Create an annual report of IT performance data which details the successes and trends in IT operations.

Distributing a written report to department heads in Lee County will serve the department well in maintaining and even, in some cases, improving their image and the experience of service among their customers. Showing high levels of service in terms of empirical data can help the department overcome any sense that they are struggling to deliver high quality levels of service.

There appears to be no widespread sense of poor service, but putting the IT Department in a position to succeed and deliver reports of high quality results can preserve the positive feelings the department enjoys.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

In addition to helpdesk support tracking, the IT Department is taking advantage of the ability of TrackIT! to manage and track inventory records of IT resources. The Department is currently in the process of updating its inventory records from a simple system which cannot be confirmed to include all assets, to a more detailed inventory which includes highly recommended data points for IT equipment.

The working inventory will include the following information:

- department;
- phone number (of responsible employee);
- name (of individual to which the equipment is assigned);
- device type;
- model number;
- service tag/serial number;
- asset number;
- MIS tag;
- warranty status;
- laptop MAC address (for wireless enabled devices);
- Lee County property tag; and
- room number.

Due to more relaxed or less detailed prior tracking of IT assets, not all devices have such information, but they are being updated and assigned as they are identified. This is a long-term effort which will require constant updating and attention, but it is one that the IT Director is committed to and values.

COMMENDATION

The IT Department is commended for implementing the TrackIT! technology service delivery management software.

5.3 STAFF DEVELOPMENT

Training in the use of technology is the most critical factor in determining whether that technology is used effectively or even used at all. Administrative and technical staff must be able to fully utilize all of the available to them. Training must be ongoing; the technology environment is continuously evolving, and departments must keep pace with the changes inherent in this industry.

FINDING

Training in basic technology or computer skills receives very little focus in Lee County. Major technology implementations, as when Kronos was implemented, do get appropriate training emphasis as a part of the system's installation. However, basic ongoing computer skills training is not a consistent priority. Training currently occurs in unorganized manner with no central curriculum planning or countywide emphasis.

Experience shows that one of the first areas where budgets are curtailed in tough economic times is training. There are many benefits of a well-trained technology staff including:

- increased knowledge, skills and abilities so that staff become better qualified to advance to more responsible positions;
- enhancing managers and supervisors capabilities at organizing and developing effective management systems for the accomplishment of the organization's goals and objectives;
- improved productivity, effectiveness and efficiency of service by helping employees develop and better utilize their talents, skills and potential; and
- heightened employee satisfaction with professional development and reduced personnel turnover.

Off-site training can definitely be costly and time consuming. However, in some cases, it is necessary. Other sources of training are available and should be used in a consistent manner. The Internet is a source of free or more cost effective training. Technology vendors, for instance, routinely offer free training materials about their products, ranging from paper publications to DVDs to Webinars. Some of this is being leveraged in Lee County; however, not in a consistent or strategic manner.

Local colleges, universities and technical schools are often open to partnering relationships with local municipalities to facilitate training and introduce young college graduates to the workforce and potential employment in the public sector. Pursuing these types of opportunities can provide low cost or free training to employees and would-be managers who might otherwise not have the opportunity to pursue such advanced skills.

RECOMMENDATION

Recommendation 5-6:

Develop a training expectation for Lee County staff.

Virtually all county staff would benefit considerably from additional IT training. Developing more explicit and rigorous expectations for technological expertise will ensure that employees are maximizing their resources, being challenged, and providing the highest quality of service possible.

A structured plan should be developed for non-IT staff. The plan should include each level in the organization and training opportunities that support professional development. Clear milestones should be established to guide each employee over the life of his or her career. Web-based training opportunities should be identified and tied directly into the plan. Lee County should focus on free training opportunities wherever possible. One basic area to start with is office productivity software training to equip employees utilizing spreadsheet, database, or word processing software as is found in the Microsoft Office suite to take full advantage of their powerful capabilities.

One area where training is occurring, and appropriately so, is for internal IT staff. The IT Director has established an unwritten and somewhat informal goal of ensuring that each IT staff person is able to attend three training courses or seminars per year. This has remained a budgeting priority for the department. The goal of this standard is to provide not only ongoing training in each employee's area of expertise, but also to expand their horizons in other areas of technology management.

FISCAL IMPACT

Focusing on free training opportunities will result in these training expectations and opportunities being leveraged at no direct cost to Lee County.

FINDING

Lee County has two IT staff members who are identified as Project Managers—one is the IT Director and the other is the Telecommunications/Systems Analyst. Both of these individuals are responsible for the continual management of the more major technology projects. Most indications are that these projects have been successful; however, results were reportedly mixed in how certain departments experienced them than others. Part of this is observed in the previously mentioned Long-Range Technology Plan. The Plan itself followed no identifiable project management methodology and this is likely because of the fact that neither of the department's project managers are trained in any specific or standardized project management style.

Trained project managers possess specific skills that equip them to see a project through from conceptualization to implementation, while tracking timelines and dealing with the many obstacles along the way. Without specific training in project management, the responsible employees are less equipped to handle challenges in the project process and critical timelines may suffer as a result.

One anecdotal example of where this was observed while interviewing staff members in Lee County was the implementation of the Laserfiche document scanning system. This system has been put in place for several departments in Lee County and is working well in those areas, but has not yet been completely implemented for the entire County. There are many factors that explain why full implementation has not yet been reached including budget constraints and other unforeseen complications. With the existing workload of the County IT Department, it is possible that a third-party consultant could be beneficial as in prior projects (such as the KRONOS implementation) in order to expedite the effective completion of the Laserfiche project. Delivering project management certification training to the two key project managers in the IT Department will ensure that the IT Department has the necessary skills to be effective moving forward in the management of all projects large and small in scale.

RECOMMENDATION

Recommendation 5-7:

Enroll the two Project Managers for the IT Department in technology-specific project management certification courses.

Without training, IT Project Managers will often have a difficult time identifying barriers to success before they become problems, and will struggle to look back retrospectively and identify where projects that struggled went wrong. This recommendation should not be interpreted as an indictment of prior project implementations, rather a recognition that IT-related projects are growing more complex, and the effective management of the process can prevent cost overruns, missed timelines, and add to the repertoire of tools at the Manager's disposal.

FISCAL IMPACT

Course materials and fees can typically be purchased for $2,500 per employee or less depending on the program or certification which is selected. Some programs have a professional development or continuing education requirement and that will incur a modest annual fee which may include regional travel to attend seminars or meetings.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Pursue Project Management Certification for Two Employees	($5,000)	($500)	($500)	($500)	($500)

5.4 SYSTEMS AND OPERATIONS

Often times, small changes to existing systems or policies can greatly improve efficiency of operations in the area of Technology. Technology has proven itself as an invaluable asset to organizations all over the country and is the operational foundation of the globalization movement.

FINDING

Two years ago, Lee County took the progressive step of beginning the transition from standard telephones to Voice Over Internet Protocol (VOIP). This was a significant initiative that has had benefits for the staff at all locations. Prior to the implementation of the new phone system, phones operated on different extensions, and some lines were unable to be transferred within the County. The IT Director estimates that the County is 70 percent converted to this new system, but acknowledges that there is no immediate timeline for the completion of the conversion. This is likely related to the complexities of providing high speed connectivity to remote locations throughout the County. Budget limitations are also part of the challenge in implementing any new technology.

The advantages of a single, unified VOIP telephone system are many. Chief among them is the ease with which employees around the County can communicate on a single standard. Four-digit dialing among employees in the agency makes collaboration easier and sharing communication among groups of employees simpler and this system also allows for more centralized control of how phone systems are used and, how long distance charges are accumulated. The telephone system also allows for better budgeting practices related to telecommunication expenses.

COMMENDATION

Lee County is commended for installing a unified modern telephone system to simplify telephonic connectivity.

RECOMMENDATION

Recommendation 5-8:

Expedite the complete transition to VOIP phones for 100 percent of Lee County personnel and locations.

As this process has already begun, it would have been expected that the vendors and service providers would have provided input. It is also expected that the budgetary impact for this transition has been accounted for; nonetheless, these factors should not stand in the way of complete implementation.

FISCAL IMPACT

This recommendation can be accomplished with existing resources.

FINDING

Lee County has no formal written plan for system maintenance or upkeep. Regular system maintenance of both hardware and software can extend the lifespan of these items and reduce expense by expanding the time horizon for replacement.

Regular preventative maintenance can also reduce man-hours associated with repairs and other help-desk related issues. Without a plan for such maintenance, it cannot be expected to take a priority position among other IT Department priorities.

RECOMMENDATION

Recommendation 5-9:

Develop and implement a Preventative Maintenance Checklist as a foundation for a countywide annual maintenance plan for all laptop and desktop computers.

Preventative maintenance is often free or nearly free and can dramatically increase the lifespan of computer systems. Lee County is conducting regular software updates and basic maintenance operations, but the formalization and accountability that comes with an official plan cannot easily be replicated.

A reference preventative maintenance checklist is displayed in **Exhibit 5-6**. The list is not that comprehensive, but provides a good foundation, and includes both hardware maintenance as well as software maintenance. Hardware maintenance preserves the length of service of the internal components of a machine, while software maintenance activities can preserve the speed of the computer.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

5.5 INTERLOCAL AGREEMENT

As smaller, rural jurisdictions and municipalities are recognizing the benefits of advanced technologies, they are seeking new and innovative ways to leverage them while not bearing the full fiscal burden or risk associated with making investments in this area. One excellent and popular way to achieve economies of scale in this respect is to enter into cooperative interlocal agreements where a county, local municipality, and/or school district even, contractually agree to pool resources to obtain the benefits of advanced technology. Agencies which enter into these agreements are also preventing unnecessary duplication of efforts.

FINDING

The interlocal agreement most relevant to the evaluation of technology management in Lee County is in the area of Geographic Information Systems (GIS). The Strategic Services Department operates as a stand-alone department and serves the GIS and mapping data needs of both Lee County and the City of Sanford. The County's IT Department provides all technical support and network connectivity.

Through interviews with the leader of this department and department staff, it is clear that the arrangement is functioning at a high level. Employees are able to respond to and field requests for service from both interlocal agencies while not being subjected to any politics that may exist between the two agencies. Overall, from an operational standpoint, this is a highly successful engagement.

Exhibit 5-6
Sample Preventative Maintenance Checklist

Preventative Maintenance Checklist	
?	BLOW OUT KEYBOARD
?	BLOW OUT BACK OF CPU UNIT; FAN
?	BLOW OUT PRINTER
?	CLEAN PRINT HEADS WITH ALCOHOL
?	CLEAN MONITOR SCREENS AND GLARE COVERS
?	EMPTY DOWNLOADS FOLDER
?	EMPTY COOKIES FOLDER
?	EMPTY HISTORY FOLDER
?	DELETE DOWNLOADED AND NON DISTRICT OWNED PROGRAMS
?	EMPTY RECYCLE BIN
?	INSTALL NEW ANTIVIRUS SOFTWARE UPDATE
?	RUN ANTIVIRUS SOFTWARE
?	INSTALL AD-AWARE SOFTWARE
?	RUN AD-AWARE SOFTWARE
?	REMIND WORKERS TO DELETE FILES THAT THEY NO LONGER USE
?	REMIND WORKERS THAT DOWNLOADS WILL AFFECT THE PERFORMANCE OF THE MACHINE.
?	HAVE WORKER SIGN COMPUTER USE & TERMS AGREEMENT

Source: Created by Evergreen Solutions, 2011.

COMMENDATION

Lee County is commended for its ability and willingness to enter into a progressive interlocal agreement for GIS in its Strategic Services Department.

FINDING

An analysis of the details of the interlocal agreement from a financial standpoint shows that the fiscal mix of contributions from Lee County and City of Sanford has remained relatively consistent since the inception of the agreement in 2005-06.

A simple budget summary of the department's funding is shown in **Exhibit 5-7.**

Exhibit 5-7
Lee County Strategic Services Department
Funding Summary for GIS

Year	Budget	Revenue	Lee County Cost	Lee County Percentage	City of Sanford Cost	City of Sanford Percentage
2005-06	$327,586	$72,000	$255,586	78%	$72,000	22%
2006-07	$352,614	$90,058	$262,556	74%	$90,058	26%
2007-08	$363,668	$107,310	$256,358	73%	$92,700	27%
2008-09	$336,338	$98,505	$237,833	71%	$97,674	29%
2009-10	$348,406	$98,511	$249,895	72%	$97,674	28%
2010-11	$349,302	$100,838	$248,464	71%	$100,132	29%
2011-12	$359,909	$119,733	$240,176	72%	$91,918	28%

Source: Lee County Strategic Services Department, 2011.

Lee County is paying more than two thirds (72 percent) of the cost of GIS services. This has remained relatively constant over time since; in 2005-06, the County paid 78 percent. After the 2006-07 fiscal year, Strategic Services was given a line item in MUNIS to account for the revenue IT generated by accepting payments for creating maps or other services for citizens and commercial customers. The percentage breakdown after 2006-07 is based only on the expense contributions from the County and City of Sanford and not the total budget which includes expenses plus revenue projections for that year.

According to an employee census pulled in November 2011 by the County in preparation for this evaluation (data request item O-5), the cash payroll expense for the five full-time positions in the Strategic Services Department is $241,155. Once the approximate cost of benefits is added, the total personnel expense for the Strategic Services Department is $320,736.

The Strategic Services Department collects no information to allow for an analysis of the mix of services delivered to either of the interlocal agencies. By looking at only these data and considering the fact that the County's IT Department provides all technical support and infrastructure, it appears that the County is contributing more than its fair share of the funding. This cannot be truly defined, however, given the present available information.

RECOMMENDATION

Recommendation 5-10:

Begin collecting data which tracks the source and distribution of service requests between the interlocal agencies to determine funding equitability.

The data in question can easily be collected at the time service is delivered by maintaining a simple spreadsheet of requests and their origination points. It is in Lee County's best interest to ensure that they are getting the best value for their financial contribution to this department. It is conceivable that a 50/50 split would be more equitable. If this were the case, Lee County could save over $100,000 per year. Again, however, at this time it is impossible to calculate the division of service delivery of GIS services. After data are collected over at least a year, the County should pursue renegotiation of the agreement if the data show that the current contributory mix is unbalanced.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

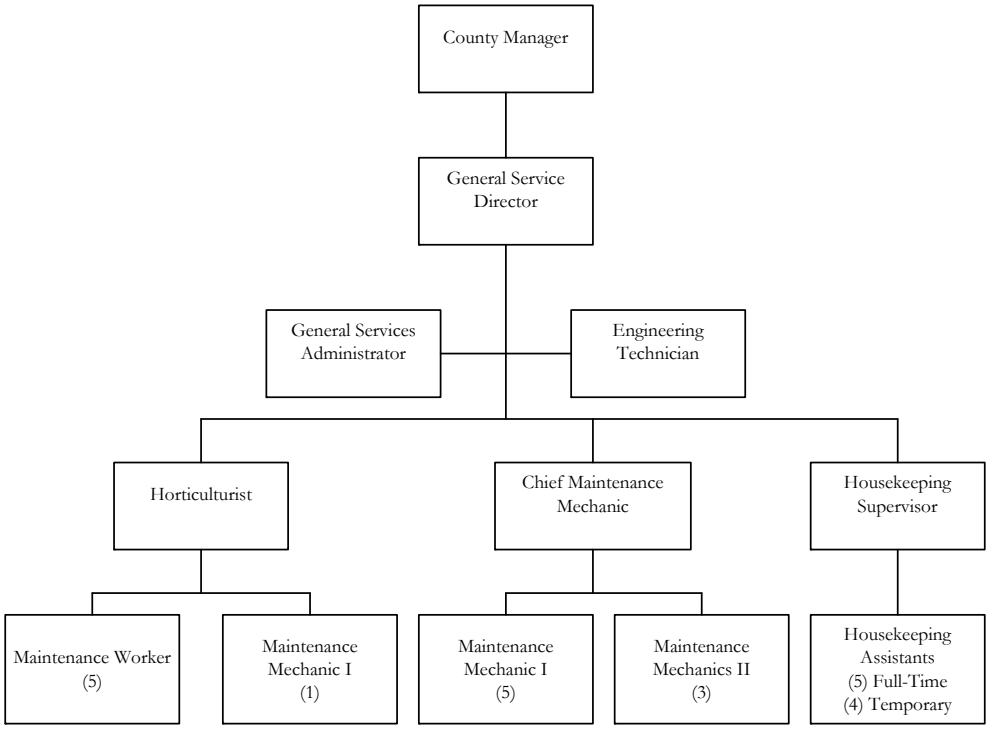
CHAPTER 6: FACILITIES

6.0 FACILITIES

County governments own and operate a wide variety of buildings and other facilities. Included in a county's building stock may be the following mixture of building types: office buildings, court houses, libraries, jails, fire and police stations, and health care facilities. In addition, parks and recreation facilities may include baseball, softball and other athletic installations, swimming pools, bike and running trails, public restrooms, concession stands, and various types of parks. This requires know-how of the optimum operation and maintenance of a large spectrum of facilities, implemented by a well-trained and motivated maintenance, housekeeping and groundskeeping staff. Moreover, decisions about facilities planning, programming, design and construction activities are made exceedingly complex, requiring the prioritization of needs among competing county departments seeking a share of limited capital programs funding for new facilities, or improvement/expansions.

The Lee County Government's Department of General Services is organized as shown in **Exhibit 6-1.**

Exhibit 6-1
Lee County Department of General Services
Organizational Structure



Source: Lee County Government website www.leecountync.gov.

The General Services Department is responsible for the operation and maintenance of the County's facilities listed in **Exhibit 6-2.** The official facilities list still contains the Jonesboro Library branch at 3,046 gross square feet. This building has been shut down.

Six employees perform grounds maintenance and report to a Horticulturist. Eight maintenance mechanics report to a Chief Maintenance Mechanic; their main assignment is facilities maintenance. Eight FTE housekeeping assistants report to a Housekeeping Supervisor, and perform custodial services in buildings, as well as public restrooms at park facilities. Not shown in **Exhibit 6-1** is a main library employee who serves as a combination custodian and library technician. This person is on the library payroll.

Exhibit 6-3 displays the current property insurance values used by Lee County's Risk Management Office. These data play a prominent role in basic facilities management practices.

FINDING

Lee County Government is funding its building maintenance activities within best practice guidelines by having accumulated insignificant amounts of deferred maintenance, and by spending annually the proper amounts for preventive and reactive maintenance, as well as capital projects for scheduled maintenance of major building components (e.g., roofs, boilers, carpet).

First, there appears to be no evidence of any significant deferred maintenance. This is based on an examination of budget data, where no references appear to costs that must be incurred to catch up with maintenance neglect or deferral. In addition, a visual inspection by Evergreen staff of Lee County-owned and operated buildings shows no apparent maintenance neglect. As a result, the Facility Condition Index (FCI) in Lee County is zero or near zero—the best possible rating.

FCI is used in facilities management to provide a benchmark to compare the relative condition of a group of facilities. The FCI is primarily used to support asset management initiatives of federal, state, and local government facilities organizations, as well as that of educational facilities.

The FCI as a facility management tool was first published in 1991 by the National Association of College and University Business Officers (NACUBO). *http://en.wikipedia.org/wiki/Facility_Condition_Index)*

Mathematically the FCI is represented as the following percentage ratio:

$$\text{FCI} = \frac{\text{Total Dollar Value of Maintenance, Repair, and Replacement Deficiencies of the Facility(ies)}}{\text{Current Replacement Value in Dollars of the Facility(-ies)}}$$

The industry standard for FCI:

- Below 5 percent: acceptable range (Zero or near zero is best).
- 5 percent to 10 percent: unsatisfactory range.
- Above 10 percent: unacceptable range.

Exhibit 6-2
Gross Square Footage (GSF) of
Lee County Government Facilities
December 2011

Building Name	Location	GSF	
Animal Control	1450 N. Horner Blvd.	1,452	
Bob E. Hales Center (Armory)	147 McIver St.	15,051	
Broadway Library	214 Main St.	1,423	
Buchanan Park	3100 Cameron Dr.	308	Bathrooms
		1,017	Pavillion
Courthouse/Jail	1408 S. Horner Blvd.	80,900	
Dalrymple Park (Ingram)	300 Globe St.	2,450	Ingram Bldg.
		396	Bathrooms
		800	New Bathrooms
Enrichment Center	1615 S. Third St.	18,000	
General Services	805 S. Fifth St.	2,700	Main Office
		3,340	Shop-Bay Areas
Gymnastics Bldg	201 Commercial Ct	7,700	
Horton Park	1515 Washington Ave.	1,160	Bathrooms
		2,088	Shelters
Innovation Center	5825 Clyde Rhyne Drive	27,242	
Kiwanis Childrens Park	807 Tryon St.	126	Bathrooms
(Park Place)		316	Shelters
Kiwanis Family Park	1800 Wicker St.	600	Bathrooms
		2,209	Shelter
		80	Gazebo
Jonesboro Library*	309 W. Main St.	3,046	
Landfill	331 Landfill Rd.	108	Scale House
		552	Modular Unit
		2,226	Maintenance Shop
Lee County Government Center	106 Hillcrest Dr.	75,700	
McSwain Center	2410 Tramway Road	17,405	
Makepeace Planning & Inspections	402 W. Makepace St.	3,766	
Old Courthouse	1416 S. Horner Blvd.	11,730	
O.T. Sloan Park	1418 Bragg St.	815	Tennis Pro Shop
		1,280	Concessions
Parks & Recreation	2303 Tramway Rd.	2,698	
Sandhills Center	130 Carbonton Rd.	10,410	Main Building
		1,440	Modular Unit
San-Lee Park	664 Pumping Station Rd.	1,380	Ranger House
	572 Pumping Station Rd.	10,704	Nature Center
Steele St. Building	225 S. Steele St.	8,146	
Suzanne Reeves Library	107 Hawkins Ave.	18,155	
Temple Park	505 N. Seventh St.	200	
Tramway Park	2211 Tramway Rd.	1,600	
Waste Collections	3927 Colon Rd.	169	
	330 County Estates Dr.	180	
	420 Rocky Fork Church Rd.	196	
	211 E. Wilson Rd.	169	
	216 Woodland Trails Rd	100	
Wicker Gym	806 S. Vance St	9,408	
Youth Services	112 Hillcrest Dr.	7,776	
Total Gross Square Feet*		**355,671***	

Source: Lee County Government General Services Department.

*Total Gross Square Footage shown includes GSF area of closed Jonesboro Library branch (3,046 square feet).

Exhibit 6-3
Current Property Insurance Values for
Lee County Government Facilities
December 2011

Building Replacement Value	$45,338,000
Building Furnishings, Equipment	$7,202,949
Depletable Inventory/Supplies	$ 1,374,644

Source: Lee County Property Insurance Values, 2011.

The insured value (e.g. replacement value) of all buildings and structures owned by Lee County Government is $45,338,000. The amount of deferred maintenance at Lee County Government appears to be nearly zero, and does not even appear to approach one percent of this amount, or $453,380. This is highly commendable.

Second, Lee County Government currently spends at an average annual rate of $1,410,000 to maintain its buildings. This figure is based on the categories shown in **Exhibit 6-4.**

- The first category, maintenance labor, includes all present salaries and benefits paid to the 25 employees of the General Services Department of Lee County. This is the current figure of salaries as furnished by the Lee County Human Resources Department.

- The next category—preventive and reactive building maintenance—is the four-year average of equipment and parts purchased, including custodial supply expenses.

- The third category is the three-year average of capital improvements for building maintenance, such as roof repairs, and replacements of roofs, boilers, carpet and other building elements that have worn out.

Exhibit 6-4
Lee County Government Spending Profile
on Preventive and Reactive Facilities Maintenance
December 2011

Maintenance labor, including benefits	$1,083,000*
Preventive and reactive maintenance parts/supplies/equipment	$180,000#
Scheduled capital improvements for preventive maintenance	$147,000^
Total average annual maintenance expenditures	**$1,410,000**

*Sources: *Lee County Department of Human Resources, current salaries; #Average expenditures over the past four years from Lee County Department of General Services; ^Average expenditures over the past three years from Lee County Department of General Services.*

Another facilities management tool is the Asset Protection Index (API). It is a corollary to the FCI. In essence, the API provides a guideline that the annual maintenance expenditures for a facilities inventory should be in the range of from two to four percent of the replacement value of the building stock.*

*See *Committing to the Cost of Ownership: Maintenance and Repair of Public Buildings* of the Building Research Board of the National Research Council (*http://www.nap.edu/openbook.php?record_id=9807 &page=17*).

Quoting from page 18 of the Building Research Board Report:

> *This 2 to 4 percent range is most valid as a budget guide for a large inventory of buildings and over time periods of several years. A small town or a school district may find that a severe winter, or an older building nearing the time that a substantial renovation is warranted, temporarily raises annual M&R costs above this normal range. Such a jurisdiction may also find that past decisions to reduce construction expenditures now have, as a consequence, higher M&R costs.*

By having spent an average of about $1,410,000 over the past four years, Lee County Government has prudently placed its maintenance budget at approximately 3.11 percent of replacement cost ($1,410,000/$45,338,000 x 100). In addition to having virtually zero deferred maintenance, this maintenance expenditure pattern is also a best practice and highly commendable.

COMMENDATION

Lee County Government is commended for its pragmatic use of taxpayer funds in avoiding deferred maintenance by spending judiciously for building maintenance within the window of 2 to 4 percent of the replacement cost of its building inventory.

FINDING

Although Lee County Government has a commendable track record of funding building maintenance activities appropriately, it does not follow a sufficiently documented, prioritized, and systematic process in facilities planning. Many different needs for new, additional or improved facilities compete every year in Lee County Government for financial and programmatic support. Although Lee County has conducted building needs assessments in the past, more documentation is needed to back up the rationale for the annual decisions made to include or exclude items from the capital improvements budget.

Every year, the capital improvements budget is not adequately based on well-documented information concerning building utilization, building condition, county-owned facilities for possible sale, other available facilities for possible county purchase, or consolidation opportunities for compatible county operations.

Since approximately 2006-07, Lee County Government has conducted the following relevant studies:

- *Lee County Space Needs Study* (dated February 2007) is now nearly five years old. This study, prepared by the local architectural firm of Mullins-Sherman, is focused on then-current space needs as well as ten-year space needs projections for 12 of the County's major facilities: Government Center, Courthouse, Sheriff, Community Development, Federal Building, General Services, Enrichment Center, Hillcrest Youth Center, Courthouse Annex, McKinney House, McSwain Agriculture Center, and Main Library. The study is based on surveys and interviews conducted with key representatives of the

12 functional areas. Space needs are summarized for 2007 and 2017, and possible space layouts and standards are proposed.

- Also, in the 2006-07 timeframe, the County hired a different consultant to study space needs of the County Library. The consultant's name was not identified in the electronic copy provided. The plan's aim is also to study space needs and make recommendations for future library facilities, as described in the report:

  This plan is designed to meet the library facility needs of Lee County for the next 10 or 20-year periods. Because of the small geographic area of Lee County and the relatively close proximity of the majority of the citizens to the library headquarters in Sanford, this plan recommends a significant expansion of the library headquarters. A larger, state of the art library headquarters would appear to be the most efficient and effective way to provide quality public library service to all the citizens of Lee County.

- Between 2006 and 2009, surveys and studies were conducted to assess the possibility of indoor air quality problems in the Lee County Government Center Building. There have been complaints by employees of various symptoms possibly related to exposure to allergens, mold, or other contaminants after the building was repaired to fix damage of a 2002 fire. In 2006, the Occupational and Environmental Epidemiology Branch of the North Carolina Department of Health and Human Services conducted a building survey. This survey was followed-up by a visit from North Carolina HH&S officials.

  The basic conclusion was that the indoor temperature and humidity conditions observed were well within recommendations by the American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE); no moisture problems generating mold growth were in evidence. The report noted that Lee County Government should continue to monitor indoor air quality conditions.

- In 2009, a *Preliminary Energy Diagnostics Survey (PEDS)* was conducted by the Energy Management Program of North Carolina State University. The purpose of the survey was to identify opportunities for immediate low-cost energy efficiency actions, and to recommend targeted energy surveys in areas (such as HVAC, boilers, chillers & cooling towers, and lighting).

- A *Survey Report for Lee County Suzanne Reeves Library* was prepared by the Energy Management Program of North Carolina State University as a follow-on to the PEDS report. This study highlighted the poor energy performance of the main library, and made recommendations for an energy retrofit of this facility.

Although the above studies are typical of the inquiries a building owner should make, they are insufficient in several ways:

- First, there is no evidence that the findings and recommendations of these studies have been used extensively in the development of facility plans and capital improvement programs in Lee County.

- Second, the first two studies examine space needs only. They did not look at many other important facilities planning items (such as building condition, building utilization, county-owned facilities as candidates for possible sale, other available facilities for possible purchase, consolidation opportunities for compatible County operations, and perhaps many more).

- Third, the group of health surveys and studies is focused only on one building. A more widespread monitoring of the building stock is important because the protection of employees health is paramount. Absenteeism and low productivity due to sick building syndrome or similar causes can be perhaps one of the most costly issues for Lee County.

- Fourth, the PEDS study offers solid recommendations for further actions in the energy performance area, but other than the lighting retrofit grant (see **Commendation** below), no other initiatives have been taken.

- Fifth, the Library HVAC report offers solid data, information, and recommendations. Its findings have not yet been acted upon, but should be incorporated in future decisions to either renovate the existing library building, or to construct a new one.

RECOMMENDATION

Recommendation 6-1:

Initiate a formal, ongoing process of facilities planning and capital improvements program development.

This recommendation does not intend to imply that Lee County Government is not engaged in a facility planning process of any kind. However, the recommendation intends to have Lee County Government become more deliberate and organized in this activity. The benefits of a more systematic process are primarily a documented thought-process and clearer decision making as projects are chosen or excluded from annual facilities-related budgets based on a Five-Year Facilities Master Plan.

The concept of a Five-Year Facilities Master Plan has at its core the concept that Year One of the Plan becomes next year's spending plan for all facilities matters:

- new buildings (including purchases of existing buildings);
- the sale of unneeded buildings owned by the County;
- building additions;
- renovations and other small capital projects as part of scheduled maintenance;
- preventive, scheduled maintenance;
- reactive maintenance;
- building cleaning and sanitation (housekeeping); and
- groundskeeping.

Once Year One of the Five-Year Facilities Master Plan becomes part of the coming year's adopted budget, a new Year Five is added to the Plan. The above procedure is intended to be an ongoing process.

The initial Five-Year Facilities Master Plan should be prepared by the County with the firm assistance of a qualified consultant, preferably an architectural/engineering (A/E) firm with significant prior experience in the creation of facilities master plans. This individual/firm should be asked to conduct a building condition assessment of the entire inventory of facilities owned and/or operated by Lee County Government. While the County owns many of the buildings of Lee County Schools, these should instead be included in a similar planning process conducted under the direction of Lee County Schools.

This building condition assessment should identify buildings requiring major renovations and other capital improvement projects within the five-year time-frame of the Facilities Master Plan. If appropriate, the building condition assessment may also recommend changes to the current schedule of preventive maintenance actions. For example, it may be found as part of the assessment that an unusually high number of reactive maintenance must be performed on certain items. Additional preventive maintenance tasks may be scheduled as part of the Plan.

In addition to a building condition assessment, the inclusion of the following issues in a Five-Year Facilities Master Plan is advisable:

- an update of the facilities needs assessment of 2007;
- an update of the needs assessment for the Main Library prepared in 2006;
- incorporation of the findings and recommendations of the HVAC study for the main library;
- a full assessment of each building's energy consumption, and potential actions to reduce energy use (see **Recommendation 6-2);** and
- indoor air quality assessments of all major buildings owned and/or operated by Lee County.

Once the building condition assessment and its related inquiries have been completed, a five-year strategy must be prepared, consisting of the following eight major plan components:

1. Identification of key actions and attendant budgeted costs for site selection, land acquisition, facilities programs, designs, construction documents, construction and other steps required for the procurement of new buildings by the County. (Note: This must include the timely hiring of staff in such areas as maintenance, housekeeping, and groundskeeping, if necessary).
2. Identification of key actions and attendant budgeted costs for facilities programs, designs, construction documents, construction and other steps required for the procurement of building additions and energy retrofits by the County. (Note: This must include the

timely hiring of staff in such areas as maintenance, housekeeping, and groundskeeping, if necessary).

3. Identification of budgeted costs and anticipated revenues resulting from the sale of buildings by the County.

4. Identification of budgeted costs for building renovations and other small capital projects that will need to be completed as a part of scheduled, preventive maintenance.

5. Identification of budgeted costs for all tasks, (labor, materials, parts, equipment) related to preventive, scheduled maintenance.

6. Identification of budgeted costs for all anticipated reactive maintenance tasks, (labor, materials, parts, equipment).

7. Identification of budgeted costs for housekeeping tasks (labor, materials, parts, equipment).

8. Identification of budgeted costs for groundskeeping tasks (labor, materials, parts, equipment).

As discussed previously, Items 4-8 above should be budgeted to fall within the range of 2 to 4 percent of the calculated replacement value of the county-owned/operated building stock. The costs of Items 1-3 will be highly variable, and should not be included in this window of 2 to 4 percent. The items included in the Five-Year Plan must give Lee County reasonable assurance that no deferred maintenance backlog will be allowed to build up, and that its building stock will be utilized efficiently and effectively.

The A/E firm selected to create and update the Five-Year Facilities Master Plan should not only have extensive experience in facilities master planning, but also have offices within a half-day's travel distance from Sanford, North Carolina. The firm should be hired from a group of respondents to an RFQ (Request for Qualifications). The firm should be hired under a long-term contract to assure the County a continuity of attention and institutional memory as updates are prepared. Appropriate contractual provisions for termination of services should, however, be included. To avoid any conflict of interest, the hired firm must agree to be excluded from competition for any design services procurements with Lee County Government, while under contract to perform the master planning work.

The County Government should form a small County Facilities Planning Committee to work with the General Services Department staff and the A/E consultant hired to prepare and update the plan. This Committee should work with the Lee County and Sanford Planning Boards on issues of public facilities planning, especially those facilities under County ownership and/or operation. The County Facilities Planning Committee should consist of the County Manager (or designee), a County Commissioner with interest in facilities planning and management, the Director of the Lee County General Services Department, and two citizen members who have shown an interest in public facilities (such as parks and recreation, the library, community

centers, etc.). Committee staff should consist of any staff assigned or designated by the Director of the Lee County General Services Department.

FISCAL IMPACT

Some of the cost savings from the implementation of **Recommendation 6-1** will not be immediately apparent, be subtle in nature, and prove difficult to quantify accurately and completely. Such savings may be categorized as follows:

- The planned and strategic decision making in Items 1-3 of the Plan will create eventually a building stock that accommodates all required functions of Lee County Government optimally, efficiently and effectively. Among County employees, this should result in greater productivity, decreased absenteeism, and overall improvements in morale and attitude. This item may be quantifiable ultimately, but it is too early to estimate at this time.

- Savings from improved energy performance will be realized as the Five-Year Plan incorporates and implements additional energy conservation opportunities in new buildings, additions, and renovations. Such additional savings can only be roughly estimated, but are shown as part of **Recommendation 6-2.**

- As Items 4-8 are streamlined and refined over several years of planning, it may be possible to reduce the amount spent on these items for building maintenance from the current 3.11 percent closer to 2 percent of building replacement value and still achieve the same maintenance effectiveness and quality without incurring a deferred maintenance backlog. This is a very important proviso that must be considered. Such a reduction to 2 percent of replacement value would amount to approximately $500,000 per year. However, a more realistic achievement would be to reach about 2.5 percent, for a build-up to an eventual savings of approximately $250,000 per year. This savings figure is augmented symbolically in annual $25,000 increments in the timeline below.

The initial cost of hiring a qualified A/E firm to prepare a Five-Year Facilities Master Plan may range from $70,000-$90,000. The cost every five years to update the Plan is likely half of the original plan development cost, or about $40,000.

In the timeline below, the $80,000 and $40,000 A/E services fees are shown in years one and five, respectively, for plan creation and updating. Potential savings from a reduction in maintenance expenses are shown beginning in year two, and are displayed hypothetically to increase in $25,000 increments until they reach $250,000 in 2022-23, as follows:

2017-18	$125,000
2018-19	$150,000
2019-20	$175,000
2020-21	$200,000
2021-22	$225,000
2022-23	$250,000

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Implement and Update Five-Year Facilities Master Plan	($80,000)	$25,000	$50,000	$75,000	($40,000)*

*$100,000 - $40,000 (plan update) = $60,000 for 2016-17.

FINDING

In 2011, Lee County Government obtained a grant to upgrade the energy efficiency of the lighting in several County buildings. The details are given in the bid specification:

> *The project consists of lighting upgrades to be installed in the Lee County Government Center, New Courthouse and Jail, and Old Courthouse. The project is administered through the State Energy Program Energy Efficiency Projects for Commercial, Industrial and Large Nonprofit Sectors, Solicitation No. RFP # 43A-2010EECBGLG1 Energy Efficiency for County and Municipal Buildings, funded through the American Recovery and Reinvestment Act of 2009.* *Source: Bid Specification – Lee County Lighting Upgrade Projects Government Center, New Courthouse and Jail, Old Courthouse. Date: May 27, 2011.*

This grant, a result of the economic stimulus provisions in 2009 legislation passed by the U.S. Congress, will provide a significant energy and money savings opportunity for Lee County. Because it is in the form of a grant, the investment required from Lee County is negligible. Consequently, there is no significant payback period before energy savings accrue to the County. The provisions of the grant are very simple: replace less energy efficient lamps with more energy efficient ones. The aforementioned 2009 *Preliminary Energy Diagnostics Survey (PEDS)* served as a basis for Lee County's grant application.

COMMENDATION

Lee County Government is commended for its initiative in seeking grant funds for energy conservation projects.

FINDING

Beyond the commendable lighting retrofit performed under a government grant, Lee County Government has many additional opportunities to upgrade the energy efficiency of its building stock. The 355,671 square foot building inventory listed in **Exhibit 6-2** consists of buildings with a wide variety and age of heating and cooling systems, lighting, insulation and other energy-related building components. While there is no doubt that many occasions will present themselves to implement a wide variety of energy conservation actions, it is the Five-Year Facilities Master Plan procedure in **Recommendation 6-1** that will help reveal a definite and more precise litany of such potential projects, and their respective likely energy savings.

Exhibit 6-5 lists the types of areas recommended in the 2009 PEDS Study. These items should be included as part of the development of the Five-Year Facilities Master Plan. The items recommended in **Exhibit 6-5** are intended to apply to Lee County's entire building stock.

Exhibit 6-5
Recommended Areas for Further Action
in Energy Efficiency and Management
for Lee County Government

The Energy Management Program (EMP) recommends the following targeted surveys and actions. They are listed in order of potential energy savings and payback:

- HVAC - Perform a study of HVAC and chiller systems to evaluate them, diagnose performance problems, and identify cost-effective ways of improving performance and thus save energy.
- Lighting – Perform a lighting survey with an eye toward upgrading T12 fluorescent to T8 fluorescent technology. These upgrades often project a favorable payback of approximately 2 years. Consider installing photocells to control lights located in areas with daylighting.*
- Boilers – Perform a survey to test the performance of the boilers. The tests should include flue temperature, excess air and carbon monoxide (CO) measurements, and calculation of boiler efficiency.
- Replace non-programmable thermostats building with programmable ones in order to schedule HVAC system setback/setup temperature setpoints during off hours, and thus save energy.
- Replace standard V-belts, when they fail, with cogged V-belts to improve motor efficiency.
- Motors – Replace failed motors with high efficiency motors.
- Explore cost-effective ways of retrofitting the glass-sections of the main library's roof with a film that reduces solar heat gain while retaining adequate daylighting.+
- Solar Hot Water and Solar Photovoltaic Energy – The North Carolina Solar Center has forwarded a detailed study of solar energy potential at the facilities.
- Performance Contracting – Consider a performance contract with an energy service company (ESCO) as a way to implement energy saving projects immediately.
- Federal Stimulus Package – The Federal Stimulus Package is expected to provide assistance to state and county governments for energy efficiency measures.*
- Preventive Maintenance – A study by a third party could help identify opportunities and cost-saving measures in the area of maintenance.
- Chiller Piping at Government Center – Determine the extent of rust on, and repair, the chilled water piping. See Solar Center report on the issue.

Source: PEDS Report by North Carolina State University Energy Management Program, 2009.

+This action should be performed even if the main library is moved out of its current building.
*This recommendation was implemented in selected buildings via the aforementioned lighting improvement grant.

Exhibit 6-6 shows the energy consumption of the major buildings owned and operated by Lee County Government. Lee County operates a computer-based energy management system for many of its buildings. The control features of such systems no doubt permit Lee County to save some energy by using night setbacks for heating and cooling, and by monitoring the performance of individual equipment components. Yet, such management systems are only one answer to the achievement of optimum energy use.

The overall energy efficiency of all components and systems is at least equally important, or perhaps more important. This latter aspect has not been consistently addressed by Lee County. Furthermore, it is an indication of the currently energy consumption picture in Lee County Government that the figures in **Exhibit 6-6** could not be obtained from one single financial category; the energy consumption of buildings occupied by a single department (e.g., Enrichment Center; Library) fall under that single department's budget, whereas buildings occupied by more than one department have their energy bills paid by the Lee County General Services Department.

Exhibit 6-6
Energy Consumption in Selected
Lee County Government Buildings
2010-11 Fiscal Year

Building	Electric	Gas	Total	Floor Area (SF)	Cost/ S.F.
Main Library	$35,682.00	$1,775.00	$37,457.00	18,155	$2.06
Courthouse/Jail	$114,157.00	$26,193.00	$140,350.00	80,900	$1.73
General Services	$100,586.00	$2,301.00	$102,887.00	6,040	$17.03
Government Center	$83,571.00	$10,974.00	$94,545.00	75,700	$1.25
Makepeace (Inspections & Planning)	$7,205.00	$1,912.00	$9,117.00	3,766	$2.42
McSwain (Cooperative Extension)	$22,118.00		$22,118.00	17,405	$1.27
Old Courthouse	$17,142.00		$17,142.00	11,730	$1.46
Steele Street (Board of Elections & Emergency Services)	$7,890.00	$1,729.00	$9,619.00	8,146	$1.18
Enrichment Center	$23,891.00		$23,891.00	18,000	$1.32
TOTAL			**$457,126**		

Source: Lee County Government, December 2011.

Some of the best energy performers are the Steele Street Facility, the Government Center, and the McSwain Building. Makepeace and the Main Library are among the worst. General Services is an anomaly, perhaps because the shop facility, a portion of General Services, is a place where welding and other high electricity-consuming activities are commonplace. There are many opportunities for energy savings in this group of Lee County buildings.

RECOMMENDATION

Recommendation 6-2:

Include a comprehensive energy condition assessment and energy savings strategy in the first Five-Year Facilities Master Plan.

It is clear from the foregoing that Lee County Government needs to undertake a comprehensive energy condition assessment of all insulation, heating, cooling, ventilation, water heating and lighting components in its buildings (with the exception of those recently retrofitted under the grant).

As a consequence of such an assessment, a plan of action for the implementation of energy conservation measures should become part of the Five-Year Facilities Master Plan (see **Recommendation 6-1**). Such action will bring into focus the many possible energy savings

opportunities Lee County Government should consider in order to effect a major reduction in its energy bills.

The recommendations shown in **Exhibit 6-5** should serve as the agenda for this effort, but not be necessarily limited to those items alone. A qualified mechanical engineer on the consulting team for the Five-Year Facilities Master Plan should prescribe the condition assessment protocol.

FISCAL IMPACT

Specific energy savings cannot be calculated at this time, but they will be a result of the recommended energy condition assessment. For the present time, a probable savings of at least ten percent of the County's energy bill for heating, cooling, lighting and water heating is a conservative reasonable estimate. Based on available data on the County's energy consumption in its major buildings of $457,126 , this savings amounts to approximately $45,700 annually. This estimate should be considered as a placeholder until the energy condition assessment has been completed. It is shown in the timeline below beginning in year two.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Initial Energy Condition Assessment Strategy	$0	$45,700	$45,700	$45,700	$45,700

FINDING

Lee County may have the bonding capacity to finance all of its requirements for the construction of new buildings, additions, renovations and energy improvements, as well as for the purchase of buildings. However, Lee County should investigate a financing option that does not count against its bonding capacity, thus increasing the amount it can finance at any given time. This option is typically called Energy Performance Contracting (EPC).

The U.S. Department of Energy offers the following summary of EPC:

> *EPC is a turnkey service, sometimes compared to design/build construction contracting which provides customers with a comprehensive set of energy efficiency, renewable energy and distributed generation measures and often is accompanied with guarantees that the savings produced by a project will be sufficient to finance the full cost of the project. A typical EPC project is delivered by an Energy Service Company (ESCO) and consists of the following elements:*
>
> ***Turnkey Service** – The ESCO provides all of the services required to design and implement a comprehensive project at the customer facility, from the initial energy audit through long-term Monitoring and Verification (M&V) of project savings.*
>
> ***Comprehensive Measures** – The ESCO tailors a comprehensive set of measures to fit the needs of a particular facility, and can include energy efficiency, renewables, distributed generation, water conservation and sustainable materials and operations.*

Project Financing *– The ESCO arranges for long-term project financing that is provided by a third-party financing company. Financing is typically in the form of an operating lease or municipal lease.*

Project Savings Guarantee *– The ESCO provides a guarantee that the savings produced by the project will be sufficient to cover the cost of project financing for the life of the project.*

Source: http://www.energystar.gov/ia/partners/spp_res/Introduction_to_Performance_Contracting.pdf

Exhibit 6-7 displays the use of Energy Performance Contracting (EPC) in peer counties. As can be seen, two of the seven comparison counties have EPCs in place. Note: Rutherford County did not respond to Evergreen's request for data.

Exhibit 6-7
Use of Energy Performance Contracting
By Comparison Counties

County	Energy Performance Contract in Place?	If Yes, With Who?
Lee	**Yes**	**Smart Energy Solutions**
Chatham	Yes	Johnson Controls
Franklin	No	n/a
Granville	No	n/a
Harnett	No	n/a
Rutherford	n/a	n/a
Stanly	No	n/a
Surry	Yes	Johnson Controls

Source: Prepared by Evergreen Solutions from information supplied by Comparison Counties.

RECOMMENDATION

Recommendation 6-3:

Investigate the use of Energy Performance Contracting (EPC) as a means of financing a portion of key energy savings projects and programs for Lee County.

This recommendation was also included among the items of the 2009 PEDS Study by the Energy Management Program of North Carolina State University (see **Exhibit 6-5**).

Lee County Government has currently an Energy Performance Contract for a single facility—the Lee County Agricultural and Business Center. Smart Energy Solutions is the ESCO. Depending on the overall experience with this ESCO, Lee County may or may not wish to start an EPC with this same firm for other Lee County buildings. More importantly, however, Lee County may or may not be clear on the advisability of pursuing an EPC of any kind.

Networking is a helpful way to find out about the good and bad experiences other counties and municipalities have had with EPC. By contacting county and city managers, county executives, mayors, commissioners and other officials who have used EPC in the past, Lee County

Government decision makers can find out the pros and cons of EPC, and hear about the various track records of ESCOs.

A website of the Energy Services Coalition provides impartial guidance on making the decision to pursue EPC. *(http://www.energyservicescoalition.org/resources/5steps.htm)* A "mini-audit" on this site suggests that if the answer to the following questions is affirmative, then EPC might be a useful choice:

> *Does your facility have more than 40,000 square feet of floor area?*
> *Do you spend more than $40,000 a year on energy bills?*
>
> *If so, an energy performance contract may work for you. It is likely to benefit you even more if you have ...*
>
> - *Aging buildings or equipment;*
> - *Recurring maintenance problems or high maintenance costs;*
> - *Comfort complaints;*
> - *Scarce budget resources;*
> - *Too little energy management expertise;*
> - *Too many demands on your maintenance staff;*
> - *No recent upgrades of your lighting or controls systems; and*
> - *Energy-using equipment that is ready for replacement*

The website also provides advice on selecting an ESCO, and offers a sample Request for Proposals (RFP) as "an excellent way to identify interested ESCOs and compare approaches."

FISCAL IMPACT

The fiscal impact of Energy Performance Contracting for Lee County is simple and direct: the funds borrowed by Lee County under EPC terms are repaid purely from energy savings derived from the projects installed under the Energy Performance Contract. After Lee County repays the borrowed funds, the energy savings accrue directly to Lee County. In addition, should the energy savings ever fail to pay for the retirement of this debt, the ESCO is responsible for covering that shortfall. Finally, the borrowed funds do not count against the borrowing capacity of Lee County.

FINDING

Until recently, the Lee County Library consisted of the Main Library in Sanford and two branches—one in Jonesboro and one in Broadway. Both branches were slated for closure, but as of December 2011 only the Jonesboro Branch has been closed.

The Main Library has been the subject of two substantial studies on space needs and heating and cooling systems, as previously detailed in this chapter. These study reports were prompted by two apparently obvious deficiencies of the Main Library:

- a growing lack of space in the building as well as for parking; and
- a glaring energy gluttony, along with considerable thermal discomfort caused by ill-placed skylights.

This building, perhaps more than any other owned and operated by Lee County Government, requires priority decision making:

- Should it be renovated, expanded, and its energy efficiency improved?
- Should it be abandoned as a library, and reused for another purpose and renovated/retrofitted accordingly?
- Should the Main Library be housed in a newly constructed building, or could an existing building be renovated/retrofitted to suit its requirements, and have an acceptable energy use profile?

RECOMMENDATION

Recommendation 6-4:

Make a resolution of the Main Library facilities needs and energy waste a top priority in the Five-Year Facilities Master Plan.

The recently completed library studies should be examined carefully as part of the development of the Five-Year Facilities Master Plan, and a library strategy formulated and included for implementation as early as possible during the first five years. While nothing is done to resolve these problems, energy waste continues unabated, thermal discomfort threatens the productivity of library staff and makes visits to the library by patrons unpleasant, lack of parking discourages visitors, and ultraviolet exposure hastens the deterioration of books and furnishings, while insufficient floor area makes it increasingly difficult to manage and properly display the library resources and reduces reading areas and meeting space.

Furthermore, Sanford and the greater Lee County deserve a library facility that is a state-of-the-art resource and community magnet. Consequently, an effort should be made to study contemporary concepts and ideas for 21st Century state-of-the art library facilities that take into account the existence of Internet access, and the availability of documents in many other forms besides hard copy.

Finally, if the decision is made to relocate the main library to another place in downtown Sanford, then an effort should be made to create a center that attracts people to its site by planning around it a mixed use area consisting of offices, commercial establishments, other public buildings, eateries, and parks. Public transportation and parking should also be included.

At the present time, a Capital Improvements Program Request furnished to Evergreen consultants cites a figure of $15,065,869 for a 50,000 square foot New Main Library building. The anticipated construction start date is 2015-16. In the opinion of Evergreen, this timeline is

not sufficiently ambitious, and the $15 million figure is likely to be insufficient four years from today, when inflation will need to be considered, and 50,000 square feet may be too small. At the very least, provision will need to be made in any library design for easy and logical expansion of the facility.

FISCAL IMPACT

Once a detailed analysis of this issue has been conducted as part of the Five-Year Facilities Master Plan development, and an implementation strategy has been included in the Plan, then a more realistic figure than the $15 million can be developed. If a new main library building can be included in a larger mixed-use development as previously described, it may be advantageous for a private development company to contribute the land for this facility. In addition, Lee County Government may be able to secure some grant funding and private contributions to supplement the eventual construction budget.

FINDING

The Lee County Public Library may have an opportunity to re-invigorate its two sole branches in Jonesboro and Broadway. As noted earlier, the Jonesboro Library Branch has been closed recently. While the remaining branch at Broadway was also slated for closure, appeals from the local community have succeeded in keeping it open for the time being. An opportunity may exist whereby the Jonesboro branch could be reinstated, and library services in Broadway be allowed to continue.

In nearby Greenwood, the Jonesboro Branch could reopen at Greenwood Elementary School. Greenwood Elementary School's library could be reconfigured inexpensively to serve a dual function with access by students, faculty and staff on one side, and public library patrons on another. Arrangements could be made for keeping the public library branch access open after-school hours. In like manner, the existing Broadway library branch building could be converted to a police station, and a dual-purpose library established at Broadway Elementary School.

Such shared library functions (sometimes called joint-use libraries) are also not rare and unusual. The Lee County Superintendent has had experience with establishing such a library in his previous school system.

RECOMMENDATION

Recommendation 6-5:

Work with Lee County school officials to explore the possibility of establishing joint-use libraries at Broadway and Greenwood Elementary Schools.

The establishment of joint-use libraries presents a tangible, rather than symbolic, cooperation opportunity for Lee County Government and Lee County Schools.

The County Manager and the School Superintendent should initially establish an informal Library Joint-Use Discussion Group on this matter. The Group should be small—not more than three persons each for Lee County Government and Lee County Schools. The mission of this informal group would be to decide whether or not to proceed with a detailed probe of joint-use libraries for Lee County. It should attempt to establish ground rules for cooperation, and assess the feasibility of cooperative success between the two entities.

The Group should study examples of joint-use schools and read related studies to reach its decision. The following URLs lead to accounts of similar programs and projects:

- Guidelines for combining school and public library branches may be found at *http://dpi.wi.gov/pld/comblibs.html*

- A bibliography of works dealing with joint use libraries may be found at *http://www.ala.org/Template.cfm?Section=Library_Fact_Sheets&Template=/ContentManagement/ContentDisplay.cfm&ContentID=25419*

- Examples of combined libraries are shown at *http://www.lfpl.org/branches/westport.htm* *http://news.arlingtonva.us/pr/ava/new-reed-school-westover-library-199182.aspx*

If the Group decides to proceed, an architect should be hired to create conceptual re-designs for joint-use of the libraries at Broadway and Greenwood Elementary Schools. The eventual closure required would be the approvals of a joint-use design, joint-use cooperative rules, and appropriate budget line items by the Board of County Commissioners and the Board of Education.

FISCAL IMPACT

Lee County Government and Lee County Schools should aim to keep the cost of this cooperative effort at a minimum by making only absolutely necessary changes to the existing configuration of each of the two elementary school libraries. In addition, both parties should attempt to either lower operating costs slightly or to keep them at current levels. Over the long term, it should be expected that this move should have neither significant cost savings nor substantial cost increases. Instead, the purpose of this joint-use cooperative effort should be the continuation of the branch library services in Broadway and Greenwood.

Minor cost savings could be achieved if the current branch in Broadway is closed, and its operation and maintenance costs are taken over by the local community. The Town of Broadway has indicated that it might want to reuse the building as a police station.

FINDING

The Lee County Main Library employs a person that serves full-time in a multiplicity of roles to help keep the facility clean and in good operating condition, and assures that all routine and extraordinary functions of the library run smoothly. This person reports directly to the Library

Director. While the most current job description (revised July 1, 2011) is for 'Custodian – Library,' it should perhaps be called 'Library Associate or Assistant.' The essential job functions listed include basic janitorial or custodial functions of cleaning the building, restrooms, and kitchen; following and updating MSDS Data Sheets; moving furniture; and assisting with set-ups for special events. Other essential job functions include delivery of books' to nursing homes, transporting mail to the post office, monitoring of the book drop, communicating with in-house staff and the general public, assisting at the front desk as needed, assisting with organizing and storing donated books, watering and potting of plants, assisting with tax forms, and attending to emergencies, as necessary.

What has resulted, in essence, is a job that fills every void among all of the other jobs at the main library.

COMMENDATION

Lee County Government is commended for creating a unique job that serves as an important function at the Main Library.

FINDING

As stated earlier, Lee County Government supports its building maintenance program within the accepted benchmark of 2 to 4 percent of building replacement value. Furthermore, housekeeping, maintenance and groundskeeping show no evidence of substandard performance, neglect, or deferral of required work.

Another parameter of commitment to maintenance is the building owner's use of proper staffing levels for custodians (called housekeepers in Lee County), maintenance workers, and groundskeepers.

For custodial staffing, most benchmark references come from the K-12 school environment, but one reference examines office and commercial situations. This site asserts a "normal" custodial production rate to be 3,600 square feet per hour per custodian, but notes also that different types of buildings and building stock may influence this performance rate.*

There are several variables that will affect the cleaning rates. These include:

- the interruption level for custodians to handle special requests;
- the soil load coming into and being generated inside the buildings;
- the size of and productivity of cleaning equipment;
- overall cleaning specifications (individual task frequencies); and
- general training and speed of crews.

**http://www.nationalproclean.com/id144.html*

In the opinion of Evergreen, it is safe to assume that the above variables are not causing the "normal" level of 3,600 square feet per hour to be either significantly lower or higher in Lee County Government's buildings. Consequently, in an eight-hour shift, an average of 28,800 square feet will be cleaned per custodian. Given a total of 355,671 cleanable square feet (see **Exhibit 6-2),** this effort would require 12.3 FTE custodians or housekeepers.

Lee County Government employs six full-time and four part-time housekeepers, and one housekeeping supervisor, for a total of 9 FTE in its housekeeping staff. However, given the use of a separate custodian (part-time housekeeper) on the staff of the Main Library, the total FTE can be increased to 9.5 FTE—approximately 2.8 FTE below the "normal" cited by National Proclean.

While this condition points to a highly conservative staffing ratio for housekeeping by Lee County Government, the situation is slightly improved because this staff is boosted by the use of additional workers from two sources:

- the Work First Program for youth; and
- the Senior Aide Program for older workers.

A Lee County Government official remarked, "When two housekeeping positions were cut from the General Services Department, the Human Resources Department helped us find these programs, which allowed our level of work to remain stable and without service suffering." It is important to note that, before two housekeeping positions were eliminated, the staffing level was closer (11.5 FTE vs. 12.3 FTE) to the level recommended as "normal" by National Proclean.

Bids for contracted housekeeping services have been sought by Lee County. These bids have consistently exceeded the in-house housekeeping costs by large percentages (50 – 90 percent).

The number of maintenance workers to properly staff 355,671 square feet of public building inventory is perhaps found best in *http://mcmorrowreport.com/articles/benchmark.asp*. This source summarizes the most recent benchmarking report for office and commercial facilities by IFMA, the International Facilities Management Association.

The report states:

> *The study provides data from 1,422 facilities comprising more than 600 million square feet of commercial space, representing organizations from Fortune 500 companies to the U.S. government. It examines built environment trends in 34 industries — including banking, health care and motor vehicle manufacturing — and in various facility types, such as corporate headquarters, call centers and religious facilities. In total, the report provides benchmarking statistics covering space per person; sustainable, janitorial and maintenance practices; utility consumption; and more.*

According to this 2010 source:

> *Organizations are also increasingly performing their building maintenance with fewer personnel. Respondents report employing one maintenance staff member for every 49,000*

square feet of office space this year, compared to one staff member for every 47,000 square feet in 2006. Layoffs and a sluggish economy are likely contributing factors to these changes.

Thus, 7.25 FTE maintenance workers would be required for 355,671 square feet, based on the most recent common practices of office building owners. This figure would be 7.56 FTE at the level that was more commonplace in 2006. According to official records, Lee County Government employs five FTE at the Maintenance Mechanic I level, and three FTE as Maintenance Mechanic II, for a total of eight FTE. However, due to a recent retirement, one of these positions is currently open and should be filled with a licensed plumber. Since no plumber is currently on staff, this vacant position should be filled and eight FTE carried as the proper staffing level.

Groundskeepers are staffed at six FTE in Lee County Government. Six inmates from the local jail have also supplemented this workforce for many years. Benchmarks for a proper staffing level of groundskeeping personnel vary widely and are mostly referenced to K-12 schools. As noted in the introductory remarks to this chapter, a county government must deal with a wide variety of situations and conditions. Groundskeeping is no exception; perhaps the most challenging aspects in Lee County are the formal, public parks areas surrounding the complex consisting of the:

- the Old Courthouse;
- New Courthouse;
- Sheriff's Office; and
- Jail.

This area is kept immaculately by full attention to trees, shrubs, flower beds, lawns, and walks. Another challenge of a different kind is presented in the groundskeeping needs of the recreational parks maintained by the County. During the warm months, groundskeepers care for 14 ball fields per day. Overall, 150 acres are the responsibility of the groundskeeping operation, or approximately 25 acres per FTE. This ratio is comparable to what is noted on websites of other building owners, such as schools and universities.

In addition, groundskeeping duties include routine work on all county-maintained road signs. Staff members have expressed pride in having saved Lee County money by performing most in-house functions for considerably lower cost than what would be charged by the private sector. It is unconvincing to attempt a direct comparison of groundskeeping in Lee County to any type of benchmark. Instead, it can be pointed out that bids for contracted services have been solicited in the past by the County. In one 2005 example, only one company submitted a bid. This bid was about 8 percent higher than in-house costs, and did not include any of the maintenance to ball fields, thus requiring Lee County to keep two of its groundskeepers to provide this service.

RECOMMENDATION

Recommendation 6-6:

Maintain the current staffing levels for housekeepers, maintenance workers, and groundskeepers in Lee County Government, and fill the vacant position in Maintenance with a licensed plumber.

All indicators point to a facility maintenance operation at Lee County Government that functions as it should, and is funded and staffed at levels appropriate for long-term—fiscally prudent facility management. Although a reduction in staff levels may be tempting during present and future budget predicaments, such action would likely result in a dramatic increase in maintenance costs in later years. In other words, staff and budget cuts in maintenance would potentially lead to deferrals of maintenance, and other forms of neglect in keeping the buildings and grounds in good condition. Many good and bad examples exist.

A major supermarket chain has maintained a policy of zero maintenance deferral, and the use of top-tier materials in its stores. This includes terrazzo flooring and the highest grades of energy-efficient food refrigeration and freezer displays available. It uses a cadre of experienced and amply-staffed mechanics and follows a rigorous schedule of preventive maintenance as unexpected failures are clearly undesirable in their business. Store cleaning and other custodial work are low in labor intensiveness. The company reportedly also pays cash for each new store it builds, and operates on a small amount of debt. While this policy may be costly up front, it has proven to be highly competitive in the long run.

Competing chain store businesses, on the other hand, have skimped on initial investments, use a paucity of maintenance staff, cheap materials for construction that are labor-intensive for cleaning and materials/equipment must be replaced relatively frequently, and must deal with large amounts of operating and maintenance costs as a consequence. The fiscally prudent and competitive choice is therefore not a miserly approach to maintenance.

David Todd Geaslin (*http://www.geaslin.com/inverse-square_rule.htm)* points out:

> *If a part is known to be failing but left in service until the next level of failure, the resultant expense will be the square of the primary failure part. Each successive level of failure will square the cost again.*

In a Midwestern municipal school district, the roof of one of its high school gymnasiums collapsed suddenly. Fortunately, no one was in the gymnasium at the time of the roof failure, and no injuries or fatalities occurred. Ordinary costs of preventive roof maintenance were deferred for years, as costs of repairing leaks mounted and occurred with increasing frequency. The final failure resulted in a complete loss of the gymnasium. Even the gymnasium walls were not salvageable. The eventual cost of failure was, in essence, the reconstruction of an entire gymnasium. Had anyone died or been heavily injured, that cost would have been exponentially greater.

FISCAL IMPACT

The fiscal impact of this recommendation is one of "savings due to cost avoidance." By spending between 2 and 4 percent of the replacement value of its facilities on maintenance, and by maintaining a loyal and well-trained maintenance staff at appropriate levels, Lee County Government has an excellent chance of avoiding much higher costs due to maintenance deferral and underfunding. Many Evergreen clients have had to deal with millions of dollars of deferred

maintenance. When such deferred maintenance costs could have been clearly avoided by prudent upfront funding, the result can only be labeled a waste of taxpayer money.

FINDING

During interviews with members of the maintenance and groundskeeping staff, several positive workforce dynamics became apparent:

- many of the employees have worked for Lee County ten years or more;
- mutual respect is genuine among the workers, including respect for supervisors, and by supervisors for the staff;
- employees see themselves as multi-taskers— while they may have a main trade (e.g., carpenter), they are always willing to help anyone else not in their trade;
- it is routine for the three groups—housekeeping, maintenance, groundskeeping—to assist each other as necessary to get extraordinary assignments done;
- hiring of new staff has been accomplished as carefully as possible by seeking new team members with compatible attitude and work ethic; and
- despite lower than private sector wages, employee loyalty is high due to fringe benefits and obvious esprit de corps.

COMMENDATION

Lee County Government is commended for creating productivity and efficiency through a strong sense of camaraderie, mutual respect, willing cooperation, and pride among its housekeepers, maintenance workers and groundskeepers.

FINDING

Lee County Government does not have a clear plan to provide for succession in its leadership of the Department of General Services. The current General Services Director is nearing retirement. While there may be one or more qualified candidates to succeed the Director already on the staff of General Services, no steps have been taken so far to examine the issue of succession with any directness or deliberation.

A replacement for the Director could simply be hired once an official retirement date for him has been set. However, it would be preferable to have a meaningful period of overlap with the new person. This preference for a smooth transition is based on two conditions observed by Evergreen staff:

- The General Services Department is functioning very well, and there is no need "to shake things up"— in fact, a radical new direction would appear to be undesirable; and

- by his own admission, the current Director has many of his routines and day-to-day guiding principles in his head.

As one example, when the founder and CEO of a nationwide hotel chain died, he had left no record of how he decided to locate new hotels. His decision making was "in his head." He enjoyed traveling to areas where there were few, if any, of his hotels, and when he returned to headquarters, he handed over the information about new sites he had optioned. His decisions were always excellent, since the new hotels never failed to thrive. After his death, even with a successor in place, the company hired someone to perform a "regression analysis" to pinpoint the CEO's decision-making criteria.

RECOMMENDATION

Recommendation 6-7:

Prepare for an adequate period of smooth transition to replace the current General Services Director upon retirement.

Succession planning should follow these steps:

- The General Services Director should document his key guiding strategies and principles, and cite examples of decision making during the past 5-10 years that have been exemplary of these policies. While this should encompass all decision making, the focus should be on choices he has made regarding CIP projects. (Some of this documentation will occur as part of the completion of **Recommendation 6-1**.)

- Existing General Services staff should be evaluated by the current Director, the County Manager, and the County's Human Resources Department, to determine if a qualified successor might be available among employees already working in General Services. If such a person is, in the judgment of management already on staff, then that person should be asked if he/she wishes to be designated as the successor to the Director. If no one is found on the existing staff, a search for a designated successor should be conducted using standard Lee County search and hiring procedures.

- A person from the existing staff, or a newly hired person, should be designated as the successor not more than two years and not less than one year before the retirement date of the current Director.

- The new person should be given the title of Assistant to the Director. He or she should work closely with the General Services Director to observe his attitude and deportment, and his decision making on a day-to-day basis.

- The Assistant to the Director should study the documented examples of the General Services Director, and hold discussions with, and ask questions of, the General Services Director.

- If the Assistant to the Director appears to fulfill the requirements of the Director's position, he or she should be appointed Director at the time of the current Director's retirement. An ability to present strategy and budget information in a thorough, confident, and convincing manner to the Board of County Commissioners, as well as competent personnel administration, appear to be among the most critical requirements of the Director's job.

In addition to a one to two-year overlap, the option of having the retiring Director stay on for about six months in a part-time advisory capacity to the new Director should be given consideration.

This recommended procedure for succession planning may seem to be overbearing. However, it is preferable to providing little or no transition that neglects a perpetuation of the currently successful manner in which the Lee County General Services Department functions and operates. The recent example of succession planning in legal services provides an exemplary model to follow.

FISCAL IMPACT

The current manner in which facilities maintenance is funded, staffed, and accomplished by Lee County Government is instrumental in the type of cost avoidance discussed earlier in this chapter. The perpetuation of current operating procedures and methods is therefore highly desirable as a means to avoid unwanted future costs.

CHAPTER 7:
PUBLIC SAFETY

7.0 PUBLIC SAFETY

From a "life critical" perspective public safety is the most important service a local government provides the citizens it serves. While working in concert on the public safety team, 9-1-1/Communications, Law Enforcement, Fire, Emergency Medical Services, Corrections and Emergency Management each have their own specific role and responsibility to ensure the safety and well being of citizens.

Public safety is evaluated at multiple levels, including:

- Operational Effectiveness – Efficient and effective allocation and deployment of personnel, apparatus and equipment
- Preparedness – Ability to react to a known risk and/or any situation in a 24/7/365 environment
- Coverage – Usually measured in the response time of public safety personnel to the scene of an incident
- Prevention – Eliminating and mitigating potential incidents
- Workload - Actual workload encountered by each agency
- Collaboration – Ability to successfully work in a team environment
- Work products and services – Quality of services provided
- Best Practices – Ability to leverage public safety industry standards, protocols, recommendations and business processes

Public safety departments must constantly strive to obtain a response and readiness balance ensuring there are minimum resources available to complete day-to-day operations along with the ability to "scale-up" for the less frequent high-risk incidents that require additional personnel, training, and equipment.

While the role of public safety is similar in all cities and counties across the United States, each community establishes its own unique level of desired performance and standard of care that public safety resources must accomplish. For example, a specified response time to a life-threatening event by public safety resources may be acceptable in some communities and the same exact time measurement may not be acceptable in other communities. Because public safety operations are unique to every community, successful public safety operations cannot occur without community involvement.

Public safety requirements are always evolving due to internal and external factors (such as federal, state and local legislation, political issues; advancements in science, technology and emergency medicine; funding issues; and community growth). Domestic security was not a

major influence on public safety strategic plans or the development of fiscal year budgets in a pre-September 11, 2001 world. Now, public safety departments must have a homeland security plan, understand the threat environment, be prepared to prevent and disrupt a terrorist attack, be prepared to work with fellow public safety agencies in a cooperative manner, and always be on alert to respond to and recover from a domestic security related incident.

This chapter reviews Lee County Government public safety agencies, including 9-1-1 Emergency Communications Center; Emergency Medical Services; Sheriff's Office, Emergency Services; and Volunteer Fire Departments. The following are the major sections of the Public Safety Chapter:

7.1 Emergency Services
7.2 Lee County Sheriff's Office
7.3 Public Safety Answering Point (PSAP)
7.4 Volunteer Fire Departments
7.5 Central Carolina Advanced Life Support
7.6 LCSO Information Technology

All public safety personnel in Lee County exhibited professionalism, enthusiasm, and pride regarding their public safety assignment. Lee County Government and the citizens of Lee County can be proud to know their public safety employees have a strong desire to provide an outstanding level of service and quality work products.

The criteria Evergreen consultants used for our analysis are the same that any community would have for making similar recommendations, including:

- maintain or improve service to citizens;
- enhance efficiency and control of operations;
- improve multi-agency cooperation and response;
- increase first responder safety;
- identify risks; and
- Include public safety industry best practices.

7.1 EMERGENCY SERVICES

The mission of the Lee County Office of Emergency Services (LCOES) is to develop and maintain a comprehensive emergency management program in order to reduce or eliminate the vulnerability of their citizens to natural and/or man-made hazards and to respond quickly and appropriately to emergencies, if they arise.

The LCOES is staffed with:

- One Director (also serves as the Fire Marshall);

- One Deputy Fire Marshall;

- One Fire Inspector;
- One Emergency Services Coordinator; and
- Two part-time employees (administrative assistants) who are shared between the Fire Marshall and Emergency Services.

LCOES maintains a very informative website containing detailed information for residents and visitors to the County *http://www.leecountync.gov/Departments/EmergencyManagement.aspx.*

LCOES supports the Harris Nuclear Facility, Radiological Emergency Preparedness Program (REPP) and is leading the Lee County back-up EOC 9-1-1 project.

Plans have been developed to relocate the Emergency Operations Center (EOC) to the basement of the Sheriff's Office. The new EOC includes technology upgrades that will make operations more efficient and cost effective by having all necessary EOC personnel and equipment in a single location; the equipment is now stored in multiple locations. The project includes the design and construction of a back-up Public Safety Answering Point (PSAP) for the City of Sanford as they do not currently have any back-up capabilities should their systems fail or the PSAP needs to be evacuated. The plan is to create four call-taking and dispatching positions for the City and two call-taking and dispatching positions for the Sheriff. Current LCSO PSAP operations will be migrated to the new EOC back-up public safety answering point.

FINDING

The LCOES expends significant effort coordinating fire departments, training for the Harris Nuclear Facility Emergency Preparedness Program, and graded FEMA exercises, which they just successfully completed.

The LCOES Deputy Fire Marshal works with Fire Marshal of Sanford and participates in the monthly Extra Territorial Jurisdiction (ETJ) meeting and the Technical Review Committee (which reviews most non-residential and/or multi-family new construction) and works with building, utilities, and planning and zoning personnel. The Deputy Fire Marshall also reviews fire-related plans and fire inspections for Lee County facilities, responds to fire and HazMat incidents within the County, and conducts fire inspections of all County properties.

COMMENDATION

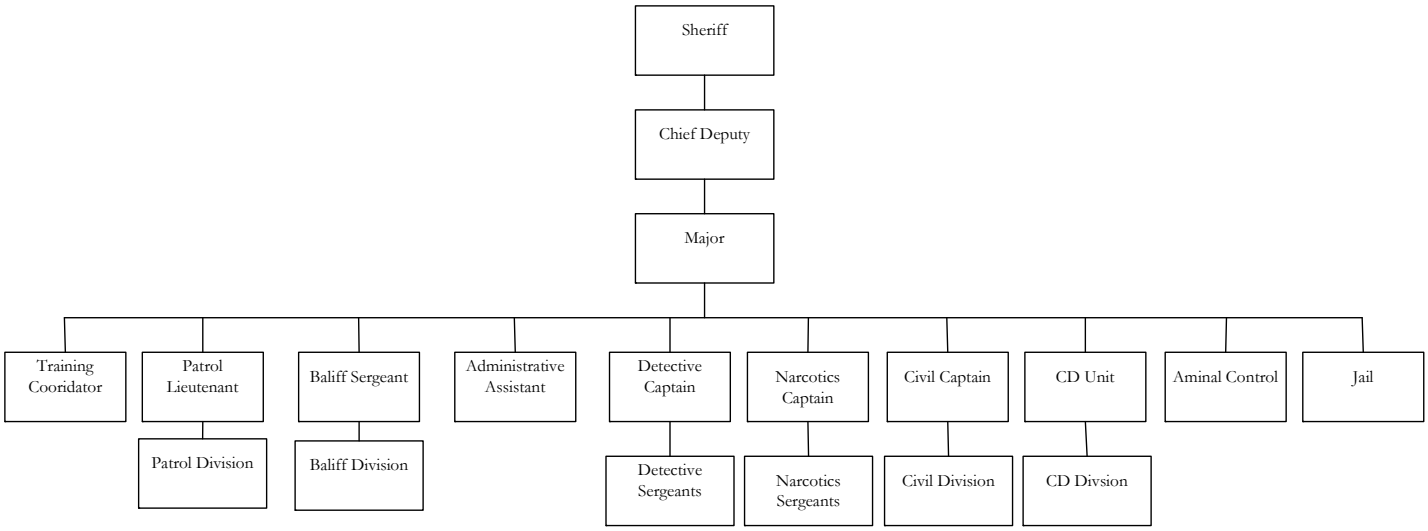
The Lee County Office of Emergency Services is commended for its effort to ensure there is effective coordination among relevant agencies and departments.

7.2 LEE COUNTY SHERIFF'S OFFICE

The Lee County Sheriff's Office (LCSO) provides law enforcement and jail services to over 61,000 residents living within the 257 square miles of Lee County including policing, jail and corrections, and court duties. LCSO staffed by 53 full-time and 23 part-time sworn deputies, 26 full-time and two part-time sworn jailers, and ten civilian personnel.

The organizational structure for the Lee County Sheriff's Office is shown in **Exhibit 7-1.**

Exhibit 7-1
Lee County Sheriff's Office
Organizational Chart



Source: Lee County Sheriff's Office, 2011.

Deputies work 12-hour shifts, and on each shift there are four deputies and one sergeant. A Lieutenant works a 12-hour shift each day also that overlaps the day and evening shifts. Approximately 40 hours of compensatory time a month is utilized to offset staffing shortages. The LCSO vehicle fleet is comprised of approximately 59 motor vehicles ranging in vintage from 2003 to 2011.

The LCSO has Mutual Aid Agreements with the City of Sanford, the Randolph County Sheriff, the Guilford County Sheriff, the Lillington Police Department, and the U.S. Immigration and Customs Task Force. A review of statistics for Index Offenses provided by the LCSO to the FBI determined that there was a slight reduction in crime from 2009 (670 offenses) to 2010 (638 offenses). The largest decreases were for Burglaries and Larcenies as noted in **Exhibit 7-2**. This reduction in crime occurred despite the fact that fewer crimes were actually solved during the same period, as depicted in **Exhibit 7-3**.

The LCSO has begun its national accreditation process with the Commission on Accreditation for Law Enforcement Agencies (CALEA). This process requires an intense and sustained effort by the LCSO personnel. CALEA accreditation requires the implementation of policies and procedures in staff and line function transforming average agencies into best performing ones that are professional, responsible and accountable.

All sworn and civilian employees interviewed by the Evergreen Team shared that there is effective cooperation with Lee County and surrounding public safety agencies.

Exhibit 7-2
Index Offenses
2009-2010

Index Offenses and Rates 2009-2010
Summary Reporting Data

Lee County Sheriff's Office

Year	Offense	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
2010	Murder						1							1
2009	Rape			1								1		2
2010	Rape	1	1							1		2		5
2009	Robbery						1	1		2	1			5
2010	Robbery		1		1				1			1		4
2009	Agg. Assault	3	1	3	2	1	1	1	2	1	3		1	19
2010	Agg. Assault	1	3		4	1		2	2	1	3	1		18
2009	Burglary	20	15	20	22	17	23	34	24	25	26	17	19	262
2010	Burglary	11	12	9	21	14	19	22	18	20	8	19	17	190
2009	Larceny	17	18	23	39	24	25	41	28	20	25	36	34	330
2010	Larceny	21	21	26	31	22	26	26	53	35	31	50	34	376
2009	MV Theft	8	1	3	3	3	4	3	9	5	5	7	1	52
2010	MV Theft	4	2	4	4	4	5	4	3	1	5	6	2	44
2009	Index Offenses	48	35	50	66	45	54	80	63	53	60	61	55	670
2010	Index Offenses	38	40	39	61	41	51	54	77	58	47	79	53	638

Source: Lee County Sheriff's Office, 2011.

Exhibit 7-3
LCSO Department Performance Indicators
2009-10

Department Performance Indicators	Indicator Type	Measure Objective	1st Quarter (July-September)	2nd Quarter (October-December)	Mid Year Actual	3rd Quarter (January-March	4th Quarter (April-June)	Year End Actual
Crimes solved in previous year.	Workload		156	153	309	118	142	569
Crime solved in current year.	Effectiveness		142	152	294	110	100	504
Percent increase in crimes solved from previous year.	Outcome	5%	-9.0%	-0.7%	-4.9%	-6.8%	-29.6%	-11.4%

Source: Lee County Sheriff's Office, 2011.

Lee County is located in the emergency activation zone of the Shearon Harris Nuclear Power Plant which is located about seven minutes north of the County line. Also, Lee County is located just north of Fort Bragg, one of the largest military bases on the east coast.

The Lee County Health Department recently transferred the Animal Control Enforcement Division to the LCSO. A Standard Operating Procedure (2011-1) has been established for the LCSO Animal Control Enforcement Division. The LCSO Lieutenant in charge of Animal Control has visited Animal Control agencies in other counties and will receive training in the future.

FINDING

Evergreen consultants reviewed policies and the standard operating procedures (SOPs) provided by the LCSO. A table of contents lists many SOPs, but it is incomplete as it has not been updated to include all available policies and procedures for the agency. Further, the table of contents and the manual contents need to be updated as they are inaccurate.

For example, *Use of Force* is listed as being on page 34, but it is not and actually appears in a separate *Use of Force* policy (dated July 16, 2008).

Another example is the statement on page 47 of the manual, which provides: "Generally, warning shots should not be fired in an attempt to induce the surrender of a suspect." This policy appears to be out of date.

RECOMMENDATION

Recommendation 7-1:

Update policies and standard operating procedures for public safety.

Public safety policies and operating procedures should be reviewed and revised as soon as possible. We understand that the accreditation process to be conducted by the Commission on Accreditation for Law Enforcement Agencies (CALEA) will include a review of policies and standard operating procedures.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The LCSO is required to meet yearly training requirements set by the North Carolina Sheriff's Training and Standards Division. Each employee averages a minimum of more than 20 hours of training. Sworn law enforcement officers average 40 hours of in-service training annually.

Sheriff deputies must be certified by the State as law enforcement officers, which takes approximately four months. New deputies receive 12 weeks of training with a field training officer and have a six-month probationary period from date of hire. Sworn and civilian employee training is run through Central Carolina Community College (CCCC), which is facilitated by the LCSO and some in-house training is also conducted. Central Carolina Community College's Emergency Services Training Center provides training for law

enforcement, fire, emergency medical, and rescue services personnel. The community college's programs develop skilled responders, empowering them to act more effectively in emergencies.

In 2000, the N.C. General Assembly provided $750,000 for the development of a regional Emergency Services Training Center (ESTC). Lee County and the community college committed $2.5 million from the 2000 N.C. Higher Education Bond Referendum to establish the Center at the former Sanford-Lee County Airport.

The ESTC occupies 116 acres, providing ample space for a wide variety of scenarios. The facility includes a classroom building and a live-burn building. A N.C. Highway Patrol VIPER tower at the Center is used for rescue training. The two former runways at the airport are ideal for vehicular pursuit, precision intervention, motorcycle safety, and other specialized training. In 2008, the Center was honored with the Training Prop of the Year Award from the N.C. Society of Fire Rescue Instructors for a movable tanker car scenario that simulates tanker car-vehicle accidents for training.

Telecommunicators received 16 hours of in-service training each year from the State, Detention Officers receive 16 hours of in-service training, and sworn Law Enforcement Officers receive at least 24 hours of in-service training each year. Some topics are state-mandated (ethics, legal updates, etc.) and a training committee selects additional topics for non-mandated training. The LCSO provides five certified trainers who get paid through the community college to teach classes when off-duty. The City of Sanford and other counties also use the community college for training.

Firearms training is conducted at the Sanford Police Department range twice a year, and there is a four-hour Taser refresher course each year. Evergreen reviewed the 2012 In-Service Training Frequently Asked Questions, which provides employees the justification and rationale for their specific training requirements.

The LCSO has begun its national accreditation process with the Commission on Accreditation for Law Enforcement Agencies (CALEA). The Sheriff's Office has had its pre-assessment evaluation.

Training records are maintained in a paper based notebook system which maintains all employee certifications. The community college maintains a training database and can provide a copy of the records upon receipt of a request (form) from the LCSO. CALEA provides a training records tracking system which the LCSO will receive later this month.

The LCSO also participates in county-wide Rapid Deployment training exercises with the North Carolina Highway Patrol, Lee County School System Security, and the Sanford Police Department. This is an eight-hour training exercise with more than 30 participants.

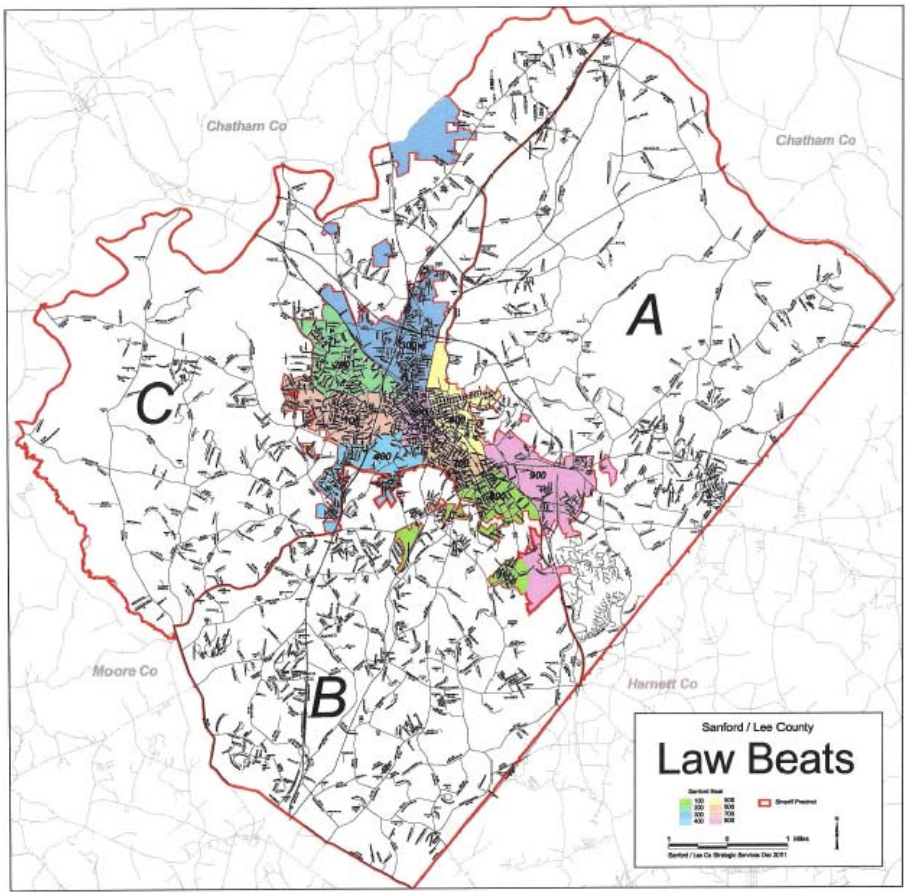
COMMENDATION

The Lee County Sheriff's Office is commended for its effective training programs.

FINDING

The mission of the Lee County Sheriff's Office (LCSO) is to "enforce the law, preserve the peace and protect the value of the Lee County citizens by providing communities with a safe and secure environment". At the present time there are only four officers per shift which include three line staff and one supervisor. These four officers are responsible for providing services to Law Beats A, B, and C as depicted in **Exhibit 7-4**.

Exhibit 7-4
Law Beats for the Lee County Sheriff's Department



Source: Lee County Sheriff's Office, 20012.

These officers must respond to calls for service including some which take them away from their primary law enforcement duties. An example of this is when deputies are called upon to transport mental health patients to and from designated locations. This process is in accordance with Statute 122C-251(a) which states:

> *…transportation of a respondent within a county under the involuntary commitment proceedings of the Article, including admission and discharge, shall be provided by the city or county….The county has the duty to provide transportation for a respondent who resides in the county outside city limits or who is taken into custody outside of city limits.*

This is a frequent occurrence and sometimes a Deputy can spend most of his/her shift assisting in these kinds of transports, which leaves only two deputies available for law enforcement activities for the entire County. Taken as a whole, there have been over 1,000 incidents in the past five years, or on average, 17 calls monthly to assist with transportation for mental health patients. Though many of these transports take just a few hours, some may take up to ten hours or more—consuming an entire shift.

Applying an average of six hours per transport, deputies spend approximately 102 hours monthly, or 66 percent of one full-time employee (FTE) [102 hours x 12 months = 1,224, 1,224 is 66 percent of 1860 available working hours]). In the aggregate, this means that 66 percent of one full-time Deputy is expended each year providing this service to citizens.

RECOMMENDATION

Recommendation 7-2:

Determine the full impact of Transport responsibilities.

We understand the reluctance of communities to increase staffing in the current economic environment. Nonetheless, Lee County should conduct a detailed study to determine transport averages by day of week and time of day to determine the most efficient and effective staffing pattern and resources necessary to meet the LCSO needs for transport services. Doing so will ensure that there is sufficient law enforcement coverage for Lee County.

FISCAL IMPACT

The fiscal impact cannot be determined until the recommended analysis is completed.

7.3 PUBLIC SAFETY ANSWERING POINT (PSAP)

The Communications Division of the Sanford Police Department provides Enhanced 9-1-1 for the citizens of Sanford and Lee County. EMS, Fire, and Police are dispatched through the 9-1-1 Center. Calls for the Sheriff's Departments, and Lee, Harnett and Moore Counties are transferred to those agency by the 9-1-1 Centers.

The City of Sanford Police Department is the primary PSAP, and funds all personnel and facility costs. Lee County provides funding for eligible call taking expenses through the 9-1-1 surcharge as mandated by the North Carolina 9-1-1 Board. In return, the County pays a percentage of primary PSAP expenses based on the annual 9-1-1 call volume.

The Lee County Public Safety Answering Point (PSAP) 9-1-1 Center is staffed with at least one Telecommunicator who is responsible for call taking and dispatching activities. There are two positions at the PSAP—one call taking position and one dispatching position. Part-time Telecommunicators are available to assist the full-time Telecommunicator approximately 65 percent of the time on any given shift.

FINDING

Evergreen's review of the LCSO PSAP revealed a number of important issues that directly affect officer safety, agency effectiveness, customer service, and Telecommunicator well-being. These issues have their basis in policy, process, technology, and interagency communication matters. The position of Telecommunicator is a life and mission critical job that requires undivided attention to effectively handle the multitude of important tasks that Telecommunicators are expected to perform. This is true even more so in the LCSO dispatch paradigm where the Telecommunicator is expected to handle 9-1-1 and administrative call-taking, as well as processing, dispatching, and front counter duties.

Any calls identified by the phone system's Master Street Address Guide (MSAG) as originating from within the unincorporated areas of Lee County are transferred to the LCSO PSAP. During this process, the Sanford Telecommunicator remains on the line with the caller until the LCSO Telecommunicator answers the phone. The caller's Automatic Number Identification (ANI – telephone number) is transferred to the LCSO Telecommunicator's Computer Telephony Interface (CTI) screen for those received from land-line and mobile phones. However, the ANI/ALI information does not automatically transfer from the CTI to the Telecommunicator's CAD event screen as happens at the Sanford PSAP and most modern PSAPs. This means that Telecommunicators must copy and paste the critical ANI/ALI information from the CTI screen to the CAD event screen. These manual processes slow the processing of calls for service, and can introduce errors into the CAD event creation process.

RECOMMENDATION

Recommendation 7-3:

Interface 9-1-1 Caller Telephone Number and Location to the LCSO Computer Aided Dispatch (CAD) System to improve operational effectiveness.

The Sanford Police Department public safety answering point (PSAP) serves as the primary PSAP for Lee County. Manual processes slow the processing of calls for service and can introduce errors into the CAD event creation process. We recommend an interface to the CAD system be explored to improve 9-1-1 call taking operational effectiveness.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

With Phase I wireless coverage, the 9-1-1 Dispatcher will see the wireless telephone's call back number and the location of the cell tower that is closest to the caller. While this enhanced technology makes it possible for dispatchers to return the call if the wireless signal is lost or interrupted, it provides almost no information about the caller's location.

Wireless Phase II coverage is available to cell phone users in areas where wireless carriers and local 9-1-1 centers have invested in technology enhancements to protect wireless callers in

emergencies. Where Phase II coverage is available, the 9-1-1 Dispatcher will see the wireless telephone's call back number and the location of the caller by latitude and longitude within a few hundred feet. This enhanced location technology is mandated by the Federal Communications Commission.

Location information from wireless calls to the Sanford PSAP is received by the Computer Telephony Interface (CTI) at the Telecommunicator position and this information is seamlessly transferred to the CAD event screen where the Telecommunicator enters the event information.

However, based on our job observations and interviews, the LCSO PSAPs CTI is not configured to receive location information from the Sanford PSAP for calls originating from mobile phones. This is problematic because although the Sanford Telecommunicator knows the location of the mobile phone caller, the LCSO Telecommunicator does not and has to ask the caller for their location. Requiring the LCSO to determine the mobile phone caller's location introduces additional time and risk to the processing of the call.

RECOMMENDATION

Recommendation 7-4:

Automate Location Information for 9-1-1 Calls from Wireless (Mobile) Phones.

We recommend that the appropriate system modifications be made so that Phase II location information for mobile phone callers can be transferred to the LCSO PSAP. In the short term, we additionally recommend that the Sanford Police Department and LCSO work together to jointly develop a policy, protocol, and procedure which requires that when the Sanford Police Department transfers a 9-1-1 call to the LCSO, the Sanford Telecommunicator remains on the line and verbally provide the mobile caller's location to the LCSO Telecommunicator.

FISCAL IMPACT

A Cost Benefit Analysis of all issues related to the Lee County Public Safety Answering Point (PSAP) should be completed prior to making any decision. For example, the consolidation of the two PSAPs will provide certain benefits at a specific cost versus resolving each issue on its own. Thus, a fiscal impact can not be generated at this time.

FINDING

Telecommunicators are working 12-hour shifts and also utilize part-time dispatchers, "floaters", to minimize the effect of staffing shortages. As the LCSO employs only four full-time Telecommunicators, there clearly is a staffing shortage as an appropriate 'Relief Factor' was not considered when staffing the PSAP.

In order to properly staff a PSAP a 'Relief Factor' must be calculated in order to determine how many persons it takes to fill a single job position for a single shift, taking into account vacation, sick leave, training days, and other types of routine unavailability. The factor varies among private companies and public safety communications centers, depending upon the employees'

benefits, and how the employees use their benefits. The private sector often uses a standard Relief Factor of 1.7[1] to staff one eight-hour shift.

In our extensive experience in managing and studying PSAPs around the world, the actual relief factor for Public Safety Telecommunicators is 2.0. Therefore, staffing one Telecommunicator's position (24 x 7 x 365) requires six full-time employees. This is an empirical, factual benchmark. The relief factor takes into account all time the employee is unavailable for duty including holidays, vacation time, personal time, sick leave, training needs, administrative time, lunch and other mandated breaks. We recommend that appropriate staffing options be investigated as call takers and dispatchers perform a life critical function for both the citizens and public safety personnel.

In order to provide sufficient call taking and dispatching staffing for peak periods of activity, the LCSO has established two part-time Telecommunicator positions. Each day of the week, a part-time Telecommunicator (PTT) works a 13:00 to 22:00 shift which overlaps the two 06:00-18:00 and 18:00-06:00 shifts. Part-time Telecommunicators perform the same duties as full-time Telecommunicators and also provide coverage for bathroom and meal breaks, and other necessary activities. The period of 13:00 to 22:00 is considered to be a period of peak PSAP activity. However, although part-time Telecommunicators are scheduled for each day of the week, the reality is that part-time Telecommunicators are not always available. For example, in December 2011, part-time Telecommunicators were unavailable to support PSAP operations nine, or 29 percent of the month due to illness or other leave.

The LCSO has determined that these positions are necessary and, based on the current PSAP configuration and our observations, Evergreen consultants confirm this need.

The need for part-time Telecommunicators is a result of the reality that one-person PSAPs are very expensive, highly inefficient, and very risky. We present further discussion on this topic in our recommendation below regarding PSAP consolidation as an option. Absent PSAP consolidation, the LCSO has no choice but to sufficiently staff the PSAP by considering hiring a third part-time Telecommunicator to fill staffing shortages when they occur. The part-time Telecommunicator's schedule could be changed to an eight-hour shift to accommodate this change and ensure availability as needed.

RECOMMENDATION

Recommendation 7-5:

Augment staffing options for Telecommunicators as these call takers and dispatchers perform a life critical function for both citizens and public service personnel in Lee County.

A Telecommunicator working a 12-hour shift by themselves (with no relief for meals, bathroom, or stress), trying to handle three separate phone lines while maintaining close contact with units in the field, and assisting citizens at the front counter is a life critical risk to first responders and the public.

[1] 911dispatch.com

FISCAL IMPACT

The approximate annual cost of hiring two additional Telecommunicators is $30,320 + 33 percent = 60,640 (30,320 x 2) + 20,011(33% of 60,640) = $90,960.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Augment Telecommunicator Staffing	$90,960	$90,960	$90,960	$90,960	$90,960

FINDING

Dispatchers work 12-hour shifts and rotate their 12-hour shifts every two weeks. In our experience, this continuous and frequent shift rotation of PSAP staff is not a suitable work schedule from a personal or health perspective. The apparent rationale for this schedule is to have the same dispatchers working with the same officers each day to enhance and retain familiarity with patrol staff. In our experience with PSAPs, however, any possible potential benefits are far outweighed by the negative impact on PSAP personnel of this schedule.

RECOMMENDATION

Recommendation 7-6:

Considering changing schedules for dispatchers.

The following alternative or a similar option should be developed by the LCSO with input from the dispatch staff:

- a permanent eight-hour shift with schedules of day (07:00-15:00) evening (15:00-23:00) and midnight (23:00-07:00) shifts; or
- a permanent eight-hour shift with a permanent midnight shift and a day and evening shifts that rotate every two weeks.

Assignments can be based on a survey of employees with seniority given a priority.

FISCAL IMPACT

This recommendation can be implemented within existing resources.

FINDING

Each of the two Telecommunicator positions are identically equipped. Each position has two phone systems: 9-1-1 and administrative. The administrative phone system receives most of its calls from citizens on the published “general information” line (919-775-5531), and the LCSO “main office” line (919-718-4560). The administrative phone system has dozens of buttons for

ring-down lines and speed dials to offices within the LCSO headquarters as well as to other County agencies and cities.

Because the two phone systems are not integrated, Telecommunicators cannot use a single headset to answer both phones. Telecommunicators often use the headset that is dedicated to the administrative phone lines because that is where most of their calls for service emanate from. This means that when a 9-1-1 call arrives, the Telecommunicator must either answer the 9-1-1 call using a handset on the other ear or remove the administrative headset before answering the 9-1-1 call via the handset. Though few 9-1-1 calls (only approximately 664 in the last 12 months) are transferred from the Sanford PSAP, it is inefficient for Telecommunicators not to be able to use their headset to answer all incoming calls.

RECOMMENDATION

Recommendation 7-7:

Integrate phone systems so Telecommunicators can use a single headset to answer and process all citizen calls for service.

We recommend that the phone systems be integrated so Telecommunicators can use a single headset to answer and process all citizen calls for service. A Cost Benefit Analysis of all issues related to the Lee County Public Safety Answering Point (PSAP) should be completed prior to making any decision. For example, the consolidation of the two PSAPs will provide certain benefits at a specific cost versus resolving each issue on its own.

FISCAL IMPACT

The cost benefit analysis must be completed first prior to a fiscal impact being determined.

FINDING

As illustrated in **Exhibits 7-5** and **7-6**, Lee County's Hispanic population has increased steadily and significantly over the last ten years, by 51.5 percent and this growth has placed new and increasing demands on LCSO staff.

During our interviews, Evergreen consultants were informed that the LCSO PSAP receives Emergency 9-1-1 and other calls for service where the caller does not speak English. In these cases, the caller usually speaks Spanish. As was noted earlier, the Hispanic population has been steadily increasing over the last ten years and currently comprises approximately 21.9 percent of the total County residential population. Currently there are few choices available for Telecommunicators who answer a call from a non-English speaking person. Telecommunicators told Evergreen consultants that they try to understand what they can, but such calls can be very frustrating. Further, sending an officer to a call for service where the true nature of the incident is unknown can present a serious officer safety issue.

Exhibit 7-5
Lee County Population

TOTAL LEE CO POPULATION ESTIMATES			HISPANIC LEE CO POPULATION ESTIMATES			
Year	Federal Census (1)	Strategic Services (2)	Federal Census		Strategic Services (3)	
2000	49,040	51,769	5,715	11.7%	6,459	12.5%
2001	51,202	53,186			7,375	13.9%
2002	51,724	54,259			8,206	15.1%
2003	52,894	55,669			8,886	16.0%
2004	54,417	56,638			9,543	16.8%
2005	55,441	58,263			10,505	18.0%
2006	56,704	59,720			11,287	18.9%
2007	57,973	60,023	* 9,146	15.8%	12,185	20.3%
2008	59,135	60,533			12,651	20.9%
2009	60,477	60,747			13,000	21.4%
2010	57,866	61,250	10,576	18.3%	13,414	21.9%
2011		62,541			14,009	22.4%
2012		63,860			14,624	22.9%
2013		65,207			15,258	23.4%
2014		66,582			15,913	23.9%

Exhibit 7-6
Lee County Hispanic Population Growth

Hispanic Growth per Fed Census
Lee County

2000	49040	census population
2010	57866	census population
	8826	total county growth for 10 years

Growth by RACE		
white	4345	49.2%
black	1533	17.4%
other	2948	33.4%
	8826	total
(hisp)	4541	51.5%

of the 8826 growth the last 10 years 51.5% is Hispanic

PSAPs receive calls that require language interpretation. Larger and many smaller PSAPs with ethnically diverse populations employ a Language Line service. This allows Telecommunicators to connect with foreign language interpreters at Language Line Services, who ask call takers questions so they can provide the caller with the necessary public safety assistance. Interpreters only ask questions that the call taker directs them to ask. Word by word, they translate what is

said by both the call taker and the caller. Interpreters are expected to regard all of the caller's information as confidential, but they may be subpoenaed.

RECOMMENDATION

Recommendation 7-8:

Enter into a contract with a language line provider to support the Public Safety Answering Point (PSAP).

We recommend that the LCSO enter into a contract with a language line provider to support the PSAP as soon as possible. The cost for this service is minimal with a cost of perhaps $5.00 per minute and no monthly service charge.

FISCAL IMPACT

A cost benefit analysis will reveal the potential frequency the LCSO PSAP may engage the Language Line Service thereby providing a potential cost. As noted in the report, a Language Line service may be required for other LCSO services and should be calculated accordingly.

FINDING

In examining PSAP, Evergreen consultants conclude that core emergency communications is diluted by a sizeable non-law enforcement workload due to the demands placed by the switchboard nature of calls received on the administrative telephone lines.

As previously noted, there are two primary 7-digit telephone lines answered by Telecommunicators: Though most law enforcement calls for service are received on the general information line and not 9-1-1, more than half of the calls received on the general information line (919-775-5531) do not require a law enforcement request. Most are general requests for information. Further, the PSAP essentially serves as a switchboard for the LCSO headquarters as many callers are merely seeking to speak to other employees in the building (e.g. a specific official or the detective's office).

Interestingly, the LCSO "main office" line employs an Interactive Voice Response (IVR) system. An automated agent answers the call and provides the following information in this order:

- If you have an emergency, please hang up and dial 9-1-1
- If you need immediate assistance press zero

When the caller presses zero, as often happens because citizens always prefer to speak to a "live" person, the call begins ringing in the PSAP and is the Telecommunicators responsibility to answer it. Because of this, the PSAP essentially operates as a switchboard for the entire agency.

The position of public safety dispatcher is a life critical role and requires full-time attention at all times in order to ensure the prompt processing of 9-1-1 calls for service, monitoring radio traffic,

and first responder safety. The goal in a PSAP is to minimize the distraction of dispatchers from their core responsibilities. This situation must be corrected.

The large volume of calls received on the general information and administrative phone lines result in significant demands on sparse Telecommunicator resources and interfere with the efficient handling of 9-1-1 calls and the life-critical responsibility of dispatching. Telecommunicators estimate that more than 50 percent of the calls they answer on the general information and administrative phone lines do not result in the dispatch of sheriff resources. We offer two recommendations to address this problem.

RECOMMENDATION

Recommendation 7-9:

Immediately reduce the number of non-9-1-1 emergency phone calls and merge lines into a single system for the long-term.

Evergreen consultants offer two possible recommendations to address this problem.

- **Recommendation A (long-term):**

  A plan could be developed to merge the general information and administrative telephone lines into a single system. This can be done by pointing the general information telephone number to the main office line so that all non 9-1-1 calls are routed to the IVR.

  The IVR would then be re-configured so that after the first greeting "If you have an emergency, please hang up and dial 9-1-1", the second voiced option would be "For non-emergency police service, press two". In this way, callers who do not actually require police service will be more likely to select a different option or hang-up and call the correct government agency themselves. This will help prevent callers from using the 9-1-1 system as a 4-1-1 or general information line by pressing "zero" to speak to a person unless they actually require police assistance.

  Also, the remainder of the IVR menu should be reviewed with the goal of providing callers with access to the most commonly requested offices and services they need at the beginning of the recorded menu. This can be accomplished by surveying Telecommunicators to find out the top ten most common non-law enforcement calls they receive on both telephone numbers and reviewing the IVR call switching logs to determine how to best configure the IVR.

- **Recommendation B (short-term):**

  Until such time as these or similar changes are made, a goal of the LCSO should be to reduce the number of calls on the general information and administrative phone lines that need to be answered by the Telecommunicator.

  - discourage County and City employees, including public safety personnel, from calling the general information and administrative lines unless absolutely necessary;

- increase the use of the of web-based resources that can provide direct access to information currently provided by Telecommunicators;
- on the LCSO webpage, provide a prominent a link to information describing the proper use of 9-1-1 and the general information and administrative lines;
- develop a strong, ongoing public education campaign utilizing radio, television, and newspapers to inform residents and visitors on the proper use of 9-1-1 and the general information and administrative phone numbers (This can be done either in-house or by contracting with a public relations firm); and
- have PSAP management develop a presentation on the proper use of 9-1-1 that can be frequently delivered at community meetings, business and professional association meetings, elementary, middle, and high schools, and special events.

Evergreen consultants understand that of the 13,241 CAD incidents (not including the 6,614 self-initiated calls for service), calls for law enforcement service in the last 12 months that only 635 (or 5%) were received on the 9-1-1 line from the Sanford PSAP.

FISCAL IMPACT

This recommendation can be implemented within existing resources.

FINDING

The LSCO CAD administrator is also the agency records clerk who handles concealed gun permits, and updates the sex offender registry. She works on-site during the day and is available during off-duty hours by pager and mobile phone.

Evergreen consultants determined that there is no documented process for reporting and tracking the resolution of CAD problems or making requests for enhancements. Evergreen was informed that either the CAD Administrator or Telecommunicator will call Southern Software is directly to report a problem. When we inquired where the CAD training manual or Help Guide, Evergreen consultants was informed it is maintained in the PSAP. Our inquiries determined that there is no training manual nor help guide available in the PSAP—only a system administrator guide. If the CAD system does have an online help system, the Telecommunicators we interviewed did not know how to access it.

Further, based on our interviews and job observations it clear that neither the Telecommunicators nor the System Administrator are familiar with the full range of features, functions, and capabilities of the CAD system.

Because there is no single person who has overall responsibility for PSAP operations:

- there is no single point of accountability for the center's performance, CAD maintenance, upgrades, training, or planning;

- there is no formal new employee or in-service training plan or employee development plan;
- there is no Administrative or Operational Standard Operating Procedures Manual;
- there are no established service level objectives or reporting and monitoring of key performance indicators or metrics; and
- the LCSO cannot access and/or map call for service information that is normally used to determine crime and quality of life trends and patterns for the purpose of addressing those issues.

RECOMMENDATION

Recommendation 7-10:

Contact the Southern Software vendor and require this vendor to provide refresher training to PSAP employees on the current version of its system and also provide current user guides and help guides that can be maintained at the workstations.

The CAD system is not being used effectively. Additional training and a user guide are clearly needed. Evergreen recommends that the LCSO contact Southern Software and require them to provide refresher training to all PSAP employees on the current version of their system and also provide current user guides and help guides that can be maintained at the workstations.

FISCAL IMPACT

Depending upon the contract with the Southern Software vendor, there may be a training cost.

FINDING

County IT staff informed us that Southern Software has promised numerous version upgrades that have not been provided, and that some elements of the system are not even supported any more. Further, the IT Department believes that the application is outdated. For example, the CAD mapping software was created in 2000. When one attempts to add a new street layer to the mapping program, because of all upgrades in to the CAD in the non-mapping areas, it breaks a link and the map goes down. This information validates the Telecommunicators' assertions that the map is frequently not working and for extended periods of time. IT personnel advised the map data were updated last year, and that there is no regular update since there has been little growth in the County as it regards new streets.

RECOMMENDATION

Recommendation 7-11:

Develop an overall Public Safety Technology Master Plan (TMP) which includes the CAD system.

Evergreen recommends that on overall Public Safety Technology Master Plan (TMP) be developed including the CAD system. The Master Plan should objectively assess current systems, their functionality and features, known issues and problems and value to public safety. It is imperative that LCSO have a complete understanding of the contract with the Southern Software vendor and identify any outstanding issues with the vendor in writing.

FISCAL IMPACT

A Technology Master Plan can be developed utilizing existing resources and will require staff time.

FINDING

No established emergency activation procedure or capabilities exist to be implemented in the event of a major system failure or building evacuation. The new back-up PSAP and its associated components are not expected to be operational for about 12 months. Therefore, it is critical that an emergency activation plan be immediately developed and implemented—working with Sanford PSAP management in the event of a major system failure on the building becomes inhabitable.

RECOMMENDATION

Recommendation 7-12:

Develop and implement an emergency activation plan.

It is critical that an emergency activation plan be immediately developed and implemented; working with Sanford PSAP management in the event of a major system failure on the building becomes inhabitable. It should be noted that the Sanford PSAP is in the same position as they do not have a back-up plan or capabilities either. It is in both the County and City's interest to make this a top priority.

FISCAL IMPACT

A Continuity of Operations Plan (COP) can be developed utilizing existing resources and will require staff time. There is a potential for some costs depending upon the level of preparedness desired by LCSO.

FINDING

As neither the County or City of Sanford have any PSAP back-up capabilities they have entered into an informal agreement to design, build, and operate a combined Emergency Operations Center and back-up PSAP in the basement of the Sheriff's Office headquarters. In so far as the back-up PSAP is concerned, the plan is to mirror the present City of Sanford PSAP configuration of four call taker/dispatcher workstations, and also two call taker/dispatcher workstations for the County PSAP. When completed, County PSAP operations will move into the new location. A new logging and recording system will be installed, additional trunks will be brought into the

facility, and a new generator will be installed. Construction is expected to begin in February 2012 and completed by early June 2012. The space is expected to be available for operational use by the end of next year.

A preliminary, technology-focused back-up PSAP Plan has been drafted by the Office of Emergency Services working with the Director of Information Technology. However, this plan does not address the operational aspects of the back-up PSAP that will need to be developed by the City and County. Despite the effort put forth to date, there is no written strategic plan for the development and implementation of the back-up center from a technical or operational perspective. A project organization comprised of all relevant stakeholders (i.e., police, sheriff, emergency services, fire, EMS, County and City Information Technology, buildings and grounds, etc.) has not been established to guide the project. It is important to note that this information was shared with the Evergreen Team by multiple individuals—both City and County personnel.

RECOMMENDATION

Recommendation 7-13:

Develop a strategic plan for the development and implementation of a Back-up Public Safety Answering Point (PSAP) Center.

In view of these facts, we recommend that a project organization comprised of all necessary stakeholders be organized to lead the project and develop a strategic plan for its implementation. This includes the development of:

- project team membership;
- project governance approach and model;
- project charter;
- method of operation;
- project goals and objectives;
- stakeholder roles and responsibilities;
- methods of communication;
- reporting requirements;
- project schedule; and
- migration plan.

The project team would work closely with the supporting IT team, construction manager, and vendor representatives. An Operations Committee should be established to address the operational aspects of the Back-up Center including the development of a detailed emergency activation plan.

The team will also support the development of a migration plan and timeline to transfer Lee County 9-1-1 operations to the new back-up PSAP with defined contingencies for failures at all steps of the project that will include a successful test of the new system at a new location and parallel operation until the new center is completely operational.

The migration plan is the culmination of the many components required to set up a 9-1-1 Center. These include facility construction, infrastructure connectivity (external), and the many technology components. Highlights of this activity encompass:

a. Construction plan and schedule: a facility requirements, design and construction all need to be completed. Testing of the power and any included technology components is included in this detailed schedule.

b. Infrastructure plan and schedule: The external infrastructure plan includes the connectivity of power, telephony, radio and data with diverse routing and building connections. These diverse routes should also be tested prior to installation.

c. Technology plan and schedule: Some of the technology components may be included in the construction schedule. Applicable technology components include:

   i. Telephony switch
   ii. Telephony ACD /CTI
   iii. Radio
   iv. Logging and Recording
   v. CAD/GIS
   vi. Other Data Network(s) – wired and wireless
   vii. Audio/Visual

In each case a detailed test plan is required to ensure a stand-alone operation.

d. In each of the above, some contingency should be built in, but a focus on project management and issue resolution will be essential to keeping the overall project on time.

e. Development of a migration plan is based on the above plans and schedules; these must all be integrated into a maser schedule and synchronized to ensure all are completed to support the migration.

f. Once each component is tested, another comprehensive set of tests must be executed. These integration tests will be required to verify they all work in unison—especially CAD, Telephony, radio and logging and recording.

g. Training on both an individual and integrated levels will be required and the staff's proficiency verified before the migration can occur.

h. An approach to run a parallel operation must be established. Comprehensive parallel operations are difficult to maintain, so limited parallel operations could be supplemented by close monitoring of the new systems and the ability to go back to the old system may initially be maintained.

The project team may benefit from seeking the assistance of an outside contractor who has extensive experience in PSAP specific information technology, operations, and facility planning to develop and oversee the migration plan.

FISCAL IMPACT

The recommendation can be completed utilizing existing resources and will require staff time, unless assistance from an outside contractor is needed.

FINDING

A solution to consider that would address virtually all LCSO PSAP challenges and provide enhanced service to both the County and City would be to consolidate the City of Sanford and LCSO PSAPs. Based on our interviews though, we are aware of the lack of communication and cooperation from the City with regard to PSAP matters which would make this a very difficult endeavor. Nonetheless, we present this finding and an explanation of the PSAP consolidation process and benefits for consideration as circumstances may change in the future.

Merging organizations is a difficult change process from any perspective—executive, operational personnel, technical, financial, or operational. These issues can be overcome by clarifying the level of leadership and the new organization that is driving the change as well as establishing clear governance rules to guide the change. Establishing a consolidated organization must be based on the vision and goals of the top leadership of the City and County in order to be successful.

It is a fact that lower volume PSAPs operate in a less cost efficient manner than the higher volume PSAPs. For example, the cost of operating a low volume PSAP with a single full-time employee (FTE) is more expensive when evaluated against a PSAP with a higher volume of activity. Using the same FTE to activity ratio, instead of employing four separate FTE's (and two part-time employees) to be working in their own agency silo; a single FTE could manage the workload of three lower volume agencies.

The benefits from Economies of Force increase as the number of agencies is combined. Additionally, there is currently no on-duty back-up FTE on many shifts, whereas in a consolidated environment, additional FTE trained personnel are available to scale up and assist in operations as necessary. Finally, the lower volume PSAPs are forced to have at a minimum a single FTE 24/7 for the simple reason of PSAP coverage. In a consolidated PSAP model, the PSAP is staffed as a result of establishing minimum performance standards and an evaluation of historical workload activity. In other words, using workload data, management will staff the PSAP accordingly for both peak and slow workload time periods to ensure the PSAP is operating as efficiently and effectively as possible.

The implementation of a consolidated PSAP would enhance the current level of communication and collaboration between all County and City first responders. The city and county PSAPs, with the exception of the 9-1-1 phone system, employ disparate technology systems. Both the PSAPs and each agency's public safety personnel are, for the most part, only aware of their jurisdiction's activity. This can have a negative impact for various scenarios including:

- Calls for Service that occur on a jurisdiction's border:

- law enforcement personnel may be close to a crime-in-progress and not know about it thereby increasing their risk to harm;

- the above situation also diminishes the opportunity to apprehend criminals and prevent crime because the closest law enforcement agency to the incident did not know about it; and

- Fire/EMS may have been able to deploy a closer resource in order to save lives and prevent further injury but did not do so due to lack of knowledge about an emergency incident in the County.

- Public safety personnel traveling through another jurisdiction do not know about critical incidents and therefore cannot provide needed assistance

- Deliberate allocation and deployment of personnel, apparatus, and equipment that will benefit both communities versus being "heavy" in one area and "light" in another. For example, using a system status model two adjacent fire department's would not intentionally deploy apparatus to the same area at the same time unless there was a business reason to do so.

RECOMMENDATION

Recommendation 7-14:

Develop an integrated system and consolidate the PSAP (Public Safety Answering Point) for Lee County and the City of Sanford.

The implementation of an integrated Computer Aided Dispatch (CAD), Automatic Vehicle Location (AVL) and Geographic Information System (GIS) would provide a high-level of situational awareness as well as command and control at a consolidated PSAP. Through mutual-aid and interlocal agreements; and established policies, procedures and training; a consolidated PSAP could accomplish closest unit dispatching for both law enforcement agencies. While the ability to complete closest unit dispatching is beneficial for each jurisdiction, the enhanced benefit to the County as a whole is the improved operational capacity (i.e., Economies of Force) to efficiently and effectively utilize public safety personnel, apparatus and equipment as required and to maximize productivity (i.e., operations management).

Our best practices review of PSAPs, which have been consolidated and/or regionalized for at least five years, found that there is no single approach that fits all jurisdictions. Differing governance agreements, organizational models, financing, and operational approaches are found at each. Common denominators are the lessons learned from both the challenges and successes resulting from the consolidation effort. Surveyed PSAPs cite tangible benefits such as:

- more efficient 9-1-1 call taking and dispatch operations;
- faster processing of high priority police, fire and EMS events;
- fiscal efficiencies, by constructing a single technology infrastructure;
- reduction in fiscal expenditures compared to non-consolidated operations;

- recognition and reward by professional, trade, and government organizations;
- increased accountability for performance;
- more efficient utilization of staff resources; and
- enhanced emergency communications management.

It must be noted, however, that each community's circumstances are different. Any consolidation scenario would require further analysis and planning to determine how or if consolidation is the right "fit" for Lee County. Based on the current circumstances, this should be considered a longer-term option.

FISCAL IMPACT

The analysis to determine the pros and cons of consolidating the PSAPs can be implemented with existing resources. The actual consolidation of the PSAPs will most likely would incur some costs such as:

- design and configuration of the PSAP to be used;
- migrations of telephone trucks, lines, recording systems, etc., if applicable;
- design ad configuration of CAD/RMS/Mobile system; and
- training of new policies and procedures (overtime).

FINDING

The LCSO Training Lieutenant's capacity for strategic planning is inhibited due to the time expended on multiple responsibilities, projects, and manual record keeping. This person is extremely committed, detail-oriented, and overextended. Training is an inaccurate title for the multiple roles, responsibilities, and duties performed by the person staffing this position.

Primary duties of the LSCO Training Lieutenant include:

- overseeing the training program and maintaining all associated records;
- grants writing, including preparing state and federal quarterly reports for approximately 1.5 M of grant funding;
- serving as CALEA accreditation manager (the LCSO is seeking CALEA accreditation);
- sending new hire background investigations and associated duties;
- acquisiting and distributing of uniforms and equipment to new hires;
- assisting with management of all capital and operating budgets;
- assisting with fleet management duties;
- attending and participating in Commissioner meetings and agenda items;
- overseeing the CDI (Community Policing, Drug Interdiction, and Investigations of Property Crimes) unit that is engaged in many community activities; and

- overseeing the Senior Citizen call list—a program whereby 90 senior citizens are checked on twice a week by volunteers to ensure their welfare.

This is only a short-list. It is not reasonable to expect a single position perform all of these duties in a successful manner. It should be noted that despite his numerous duties, the Lieutenant still found time to assist in organizing packages of free food for the On-Call Senior Program for more than an hour while we were on-site.

RECOMMENDATION

Recommendation 7-15:

Provide time for the Training Lieutenant to work on planning activities.

LSCO should consider shifting some of the responsibilities of the Training Lieutenant to another employee. For example, the CALEA accreditation process alone can be a full-time job at this point in the process and it is unrealistic to expect this Lieutenant to be able to handle this recently added responsibility. We also suggest that LCSO consider staffing an Executive Assistant or Business Analyst position to assist the Lieutenant with the maintenance and reporting of his program activities. The addition of this position will provide tangible benefits to the agency as a whole as it will provide the Lieutenant the additional time needed to engage in strategic planning for all the activities he is responsible for and ensure no single point of failure for the maintenance of training records and all other program (Fleet, Asset and Forfeiture, CDI, Budget, etc.) activities.

FISCAL IMPACT

This recommendation can be implemented with existing resources; unless an Executive Assistant is hired.

FINDING

Shortly after the Sheriff took office, he established an Asset and Forfeiture Program utilizing his Narcotics Division staff. The Narcotics Division has four dually sworn (Sheriff and Immigrations and Customs Enforcement) who work within the Federal Guidelines for the "Equitable Sharing for State and Local Law Enforcement Agencies" as it relates to this program. In addition to holding criminals responsible for their illicit activities, the Unit generates significant revenue derived from the auction of seized property that is used by the LCSO for needed equipment and services.

The Department of Justice and Department of Treasury Equitable Sharing and Certification (OMB Number 1123-001) Evergreen reviewed for 2010 showed a total closing fund balance of $73,677.84. The LCSO complies with federal guidelines for the use of these funds, which are administered by the County Finance Office. These funds have been used to pay for items such as fleet vehicles, mobile data computers, and mobile data computer software maintenance. The LCSO also has a state fund balance related to this program of approximately $50,000, which is used for similar expenditures, including community projects.

COMMENDATION

The Lee County Sheriff's Office is commended for implementing the Asset and Forfeiture Program.

FINDING

As noted earlier in this report, Lee County's Hispanic population has increased steadily and significantly over the last ten years by 51.5 percent. The Hispanic population currently comprises approximately 21.9 percent of the total County residential population. A review of the total traffic stops conducted for the period January 1, 2010 through October 31, 2011, determined that 23 percent involved Hispanic citizens.

Of the 53 full-time and 23 part-time sworn deputies (76) and the 26 full-time and two part-time sworn jailers (28), there are only four Spanish-speaking officers. Just as with Telecommunicators, deputies often interact with residents and visitors who only speak Spanish. This requires staff to either find an on-duty Spanish speaking officer, perhaps a hospital employee, or anyone else they can to assist them. When asked about this challenge during interviews and focus groups, Evergreen consultants were informed that it would be very beneficial for officers to receive some kind of language training (such as basic conversational Spanish or perhaps a more detailed course of instruction such as a self-paced program).

RECOMMENDATION

Recommendation 7-16:

Develop a plan to provide basic Spanish language skills/capabilities to deputies to meet the demands of the growing Hispanic community.

One option is the "Spanish for police" applications that are available for smart phones. These applications contain simple Spanish commands and questions for law enforcement with written and audio translations, including full Miranda Rights in Spanish. The phrases are short and as simple as possible and the audio translations are spoken slowly and are easy to understand and learn. Deputies can either use the speaker on their phone and let the citizen listen or the deputy can read the translated phrase directly from their phone.

FISCAL IMPACT

The cost to engage a Language Line service or obtain Spanish speaking volunteers to assist LCSO and/or train personnel to speak Spanish will be dependent upon the level of service required by LCSO.

7.4 VOLUNTEER FIRE DEPARTMENTS

Fire department services are critical to the protection of life and property, and also have a direct impact on insurance premiums via a fire jurisdictions ISO rating. Within Lee County there are seven volunteer fire departments, each of them an independent corporation, staffed by a total of approximately 250 personnel.

FINDING

The executives of all departments meet monthly at the Lee County Fire Chief's association meeting to discuss issues of mutual concern, and share and disseminate pertinent information. Based on our interviews, we determined that mutual aid within the County is very good and that the fire departments work well with Central Carolina Advanced Life Support, who provides emergency medical services. The agencies appear to have excellent working relationships and have employed standardization in the acquisition of equipment (such as turn-out gear, hoses and thread sizes, etc.). This is critical in a volunteer environment in which excellent collaboration, cooperation and communication are required among the volunteer fire departments to ensure appropriate coverage and response throughout the county.

The seven volunteer fire departments in Lee County are funded by the County, based on fire insurance ratings and the protection tax district. County taxpayers pay a fire protection tax ranging from of 6.8 cents to 12 cents per dollar. A flat tax is under consideration (9.7 cents) which would more equitably distribute the expense of fire department services across communities.

COMMENDATION

The Lee County Volunteer Fire Departments are commended for their efforts to ensure there is effective coordination among these departments.

RECOMMENDATION

Recommendation 7-17:

Develop a county-wide Volunteer Fire Department strategic plan to demonstrate how a flat tax would improve the operations of the fire departments.

As previously stated, Lee County citizens can be proud they have seven separate Volunteer Fire Departments to support their needs. A minimum foundation level of proficiency and equipment for basic fire service response should be developed for the seven departments to demonstrate how a potential flat tax would be expended and will provide the best value for the citizens of Lee County. The justification for a flat tax is an opportunity to demonstrate how revenue generated for the seven fire departments will benefit the entire county versus each department operating in its own individually.

FISCAL IMPACT

This recommendation can be implemented with existing resources and will require staff time.

7.5 CENTRAL CAROLINA ADVANCED LIFE SUPPORT

The Central Carolina Advanced Life Support (CCALS) is the hospital-owned and operated provider of Emergency Medical Services for Lee County. CCALS provides three Paramedic level ambulances 24 hours a day to respond to a variety of medical and trauma related emergencies.

Central Carolina Advanced Life Support is certified by the North Carolina Office of Emergency Medical Services as a Licensed Ambulance Provider. All Paramedics are required to maintain ACLS, PALS, BTLS or PHTLS—in addition to their state certification.

FINDING

Three ambulances provide 24/7/365 coverage for an area of 257 square miles. While no statistical evidence could be provided to demonstrate need, the number of ambulances appear deficient and there was a consistent concern expressed by those who were interviewed.

RECOMMENDATION

Recommendation 7-18:

Maintain statistical information on Central Carolina Advanced Life Support (CCALS).

Lee County should maintain objective statistical information to determine the minimum mandatory ambulance staffing need required by the County (i.e., workload trends and patterns, peak workload time periods, impact of "frequent flyer" (high volume patients), and the employment of a System Status Management Program.

FISCAL IMPACT

This recommendation can be implemented with existing resources; however, it may lead to the need for more ambulances.

FINDING

An interlocal agreement for 9-1-1 services was entered into on July 20, 2009 between the City of Sanford and Lee County. This replaced the "hand-shake" agreement that had previously been in place. The agreement confirms that the "County collects 9-1-1 surcharge funds on behalf of the City's PSAP and disburses funds to the City for the eligible expenses of the City's PSAP". This is in accordance with State 9-1-1 guidelines.

The Interlocal Agreement between the County and City, prepared May 2008, and updated March 2009 provides for the following:

> *Shared Repeater for Fire Dispatch City and County – City covers the cost of regular preventive maintenance for both the repeater unit and radio control point at the dispatch center under its Fire Radio Maintenance contract for all City Fire radios. For any additional equipment that is need (sic) or changed out, the cost is equally divided between City Fire and the eight (8) County Volunteer Fire Departments.*

However, the above provision is not accurate and the opposite is actually true. Lee County takes care of maintenance for the repeater unit, handles licenses to ensure they are update, and ensures all other FCC requirements are met. The cost for the repeater and associated services is equally divided between the County and City for the most part. According to the Lee County Director of

Emergency Services, this is a "handshake" agreement and the parties are working on developing a new Interlocal Agreement.

RECOMMENDATION

Recommendation 7-19:

Update and document in writing a revised Interlocal Agreement for 9-1-1 services to ensure there is complete understanding of roles and responsibilities.

Similar to other interlocal agreements in Lee County, the interlocal agreement for 9-1-1 services is not accurate and out of date. The agreement needs to be revised.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

7.6 LCSO INFORMATION TECHNOLOGY

During our interviews, focus groups, and job observations, Evergreen consultants were informed of numerous ongoing issues with regard to the technology systems in use by end-users both in the field and the PSAP. For example:

- the CAD Help feature in the PSAP is non-existent or does not work;
- there are no updated training guides or help guides for the CAD;
- the CAD mapping system "hangs up" and is unavailable for extended periods;
- officers preparing reports in the Sheriff Pack Field based reporting sometimes receive an error message to quit or resume (If they press resume to continue they lose their report information and lose it);
- there are numerous log-ons required for MDC applications including NCIC, Aware, MDIS, MDC logon, Sheriff Pack, E- Citation, CJ LEADS, and the MDC itself;
- only a limited number of users can use Jail Pack—it is difficult to get access;
- deputies would like access to the State DMV driver's license photograph database on their MDCs;
- deputies have user names and passwords for CJLEADs but cannot use them; and
- some field users are experiencing difficult in logging on to Sheriff Pack on their MDCs.

Lee County employs an IT centric model (i.e., a single IT Department that provides IT services to all County departments). During our interview with the County Director of Information Technology, Evergreen consultants were informed that public safety has the highest priority when needing services. Requests for service are supposed to be entered into the County TrackIT

system, but we are unaware of any LCSO policy or procedure describing who is responsible for making these requests. Southern Software provides on-site support for the CAD when needed. Most importantly, however, there is no formal Technology Master Plan for the Lee County Sheriff.

Based on our interviews and as illustrated in this report, there is confusion within the LCSO regarding ownership and responsibility of IT systems. As stated throughout this section, public safety operations should drive the design and configuration of IT systems. Public safety operations should be responsible for leveraging technology systems to improve work products and services. IT personnel are not public safety operation experts and should not be held accountable for this knowledge. The objective is for public safety operations and IT personnel to collaborate, cooperate, and communicate regarding the implementation and maintenance of all IT systems.

The implementation of various technologies and computer applications is an absolute requirement to ensure public safety agencies operate at maximum operational efficiency and effectiveness. The primary goal of technology employed in the public safety arena is Information Management. A proper Information Management process ensures all personnel have access to accurate information in a timely manner and 24-hours a day so they can take the appropriate action. Operational management research demonstrates that organizations that implement data-driven processes and decisions have improved efficiency and effectiveness.

Accurate data appropriately applied have tangible benefits that can be measured to demonstrate a return on investment. Using the appropriate technologies and business processes, performance metrics can be developed for all public safety departments. These performance metrics provide an accurate gauge on the success and/or failure of public safety initiatives and programs. Performance metrics, the core of performance-based budgeting, requires that the appropriate technologies be employed to accurately capture, assimilate, analyze and produce important statistical information.

A Public Safety Technology Plan is a requirement in the development of appropriate information management processes for public safety departments. The design of a Public Safety Technology Plan starts with a systems approach, viewing all public safety as a single entity.

The need for actionable, accurate, and timely information is a significant issue for all public safety personnel. Everyone from public safety executives to their line personnel should have access to relevant CAD data on a 24/7 basis to make educated decisions.

Exhibit 7-7 provides an example of public safety workload data in a well-designed and configured CAD system.

RECOMMENDATION

Recommendation 7-20:

Develop a Public Safety Technology Master Plan.

Exhibit 7-7
Lee County Government
EMS/Fire Department CAD Workload Data Requested

EMS/Fire CAD/RMS Data	Workload Activity
EMS Only CFS	EMS CFS total FD 2011 - YTD EMS CFS Activity - Total number by Nature of Call Total number EMS CFS Activity - Time of Day Total number EMS CFS Activity - Day of Week Total number EMS CFS Activity - DOW and TOD combined CFS by Nature of call Priority Status (Emergency to Non-Emergency
EMS Incident Location	EMS FD District Breakdown CFS Activity - Total number by Nature of Call EMS FD District Breakdown - Total number CFS Activity - Time of Day EMS FD District Breakdown - Total number CFS Activity - Day of Week EMS Total number CFS Activity - DOW and TOD combined EMS FD District Breakdown - CFS by Nature of call Priority Status (Emergency to Non-Emergency
EMS Response Time FD	EMS CFS Activity - Total FD Response time by Priority EMS CFS Activity - Total FD Response time by Nature of call EMS CFS Activity - Total FD Response time by Time of Day EMS CFS Activity - Total FD Response time by Day of Week EMS CFS Activity - Total FD Response time by Time of Day and Day of Week combined
EMS Response Time by Fire Station	EMS FS Breakdown CFS Activity - Response time by Priority EMS FS Breakdown CFS Activity - Total FS Response time by Nature of call EMS FS Breakdown CFS Activity - Total FS Response time by Time of Day EMS FS Breakdown CFS Activity - Total FS Response time by Day of Week EMS FS Breakdown CFS Activity - Total FS Response time by Time of Day and Day of Week combined
Response Time by FD District Location	EMS FD District Breakdown CFS Activity - Response time by Priority EMS FD District Breakdown CFS Activity - Total Response time by Nature of call EMS FD District Breakdown CFS Activity - Total Response time by Time of Day EMS FD District Breakdown CFS Activity - Total Response time by Day of Week EMS FS Breakdown CFS Activity - Total Response time by Time of Day and Day of Week combined
Length of EMS CFS	EMS CFS Activity - Time out of Service by Nature EMS CFS Activity - Time out of Service by Fire Station EMS CFS Activity - Time out of Service by FD District
EMS Walk-In	Total FD Walk-In CFS Total Walk-in by Fire District Total time out of service for Walk-in for FD Total time out of service for Walk-in by District
Fire Department	Note: EMS Only Category Below Calls for Service (CFS) total FD 2011 - YTD CFS Activity - Total number by Nature of Call

Exhibit 7-7 (Continued)
Lee County Government
EMS/Fire Department CAD Workload Example

EMS/Fire CAD/RMS Data	Workload Activity
Fire Department	Total number CFS Activity - Time of Day Total number CFS Activity - Day of Week Total number CFS Activity - DOW and TOD combined CFS by Nature of call Priority Status (Emergency to Non-Emergency
CFS by Fire Station (FS)	FS Breakdown - CFS total FD 2011 - YTD FS Breakdown - CFS Activity by Nature of Call FS Breakdown - Total number CFS Activity - Time of Day FS Breakdown - Total number CFS Activity - Day of Week Total FS Breakdown - Total number CFS Activity - DOW and TOD combined FS Breakdown - CFS by Priority Status (Emergency to Non-Emergency
Location of Incident	Calls for Service (CFS) total FD 2011 - YTD by FD District FD District Breakdown CFS Activity - Total number by Nature of Call FD District Breakdown - Total number CFS Activity - Time of Day FD District Breakdown - Total number CFS Activity - Day of Week Total number CFS Activity - DOW and TOD combined FD District Breakdown - CFS by Nature of call Priority Status (Emergency to Non-Emergency
Response Time FD	CFS Activity - Total FD Response time by Priority CFS Activity - Total FD Response time by Nature of call CFS Activity - Total FD Response time by Time of Day CFS Activity - Total FD Response time by Day of Week CFS Activity - Total FD Response time by Time of Day and Day of Week combined Range of Response times for Code 3 CFS Range by count in 30 second intervals of Response time for Code 3 CFS - Fastest to longest
Response Time by Fire Station	FS Breakdown CFS Activity - Response time by Priority FS Breakdown CFS Activity - Total FS Response time by Nature of call FS Breakdown CFS Activity - Total FS Response time by Time of Day FS Breakdown CFS Activity - Total FS Response time by Day of Week FS Breakdown CFS Activity - Total FS Response time by Time of Day and Day of Week combined
Response Time by FD District/Location	FD District Breakdown CFS Activity - Response time by Priority FD District Breakdown CFS Activity - Total Response time by Nature of call FD District Breakdown CFS Activity - Total Response time by Time of Day FD District Breakdown CFS Activity - Total Response time by Day of Week FS Breakdown CFS Activity - Total Response time by Time of Day and Day of Week combined Median data (as compared to an average) for CFS activity if it is available
Median Data Time Duration of CFS	CFS Activity - Time out of Service by Nature CFS Activity - Time out of Service by Fire Station CFS Activity - Time out of Service by FD District
Specialty Apparatus Workload	As applicable
Fire Inspections	As applicable
Arson Investigation	As applicable
Training	As applicable

Exhibit 7-7 (Continued)
Lee County Government
Sheriff's Office CAD Workload Data Requested

Law Enforcement	Workload Activity
Sheriff's Department	Calls for Service (CFS) total District/Zone 2011 – YTD CFS Activity - Total number by Nature of Call Total number CFS Activity - Time of Day Total number CFS Activity - Day of Week Total number CFS Activity - DOW and TOD combined CFS by Nature of call Priority Status (Emergency to Non-Emergency
CFS by District/Zone	By District/Zone (Geographical boundary) CFS total District/Zone 2011 - YTD CFS Activity by Nature of Call Total number CFS Activity - Time of Day Total number CFS Activity - Day of Week Total Total number CFS Activity - DOW and TOD combined CFS by Priority Status (Emergency to Non-Emergency
Location of Incident	Calls for Service (CFS) total District/Zone 2011 - YTD by District/Zone District District/Zone District Breakdown CFS Activity - Total number by Nature of Call District/Zone District Breakdown - Total number CFS Activity - Time of Day ((TOD) District/Zone District Breakdown - Total number CFS Activity - Day of Week Total number CFS Activity - DOW and TOD combined District/Zone District Breakdown - CFS by Nature of call Priority Status (Emergency to Non-Emergency
Response Time District/Zone	CFS Activity - Total District/Zone Response time by Priority CFS Activity - Total District/Zone Response time by Nature of call CFS Activity - Total District/Zone Response time by Time of Day CFS Activity - Total District/Zone Response time by Day of Week CFS Activity - Total District/Zone Response time by Time of Day and Day of Week combined Range of Response times for Code 3 CFS Range by count in 30 second intervals of Response time for Code 3 CFS - Fastest to longest
Response Time by District/Zone District/Location	District/Zone District Breakdown CFS Activity - Response time by Priority District/Zone District Breakdown CFS Activity - Total Response time by Nature of call District/Zone District Breakdown CFS Activity - Total Response time by Time of Day District/Zone District Breakdown CFS Activity - Total Response time by Day of Week Breakdown CFS Activity - Total Response time by Time of Day and Day of Week combined Median data (as compared to an average) for CFS activity if it is available
Median Data Time Duration of CFS	CFS Activity - Time out of Service by Nature CFS Activity - Time out of Service by Fire Station CFS Activity - Time out of Service by District/Zone District
Specialty Unit Workload	CFS Breakdown of specialty equipment, personnel and apparatus
Criminal Investigations	As applicable
Narcotics Investigations	As applicable
K-9	As applicable
Special Response	As applicable
Bailiff Unit	As applicable
Warrant Service	As applicable

Source: Created by Evergreen Solutions, 2011.

Public Safety technology systems in Lee County offer numerous opportunities for improvement as outlined above. The goal of a Public Safety Technology Master Plan is to identify all technologies and applications required by public safety personnel to maximize operational efficiency and effectiveness. Using a systems approach, specific objectives should be identified that can have a measurable positive impact on public safety services.

Examples of specific objectives include:

- improve information management;
- improve operations management;
- improve the quality of E-911/PSAP, law enforcement, fire department and EMS work products;
- improve internal and external customer satisfaction;
- improve internal and external operational and administrative communication;
- improve safety for public safety personnel and citizens;
- measure the effectiveness of strategies and tactics in a timely manner;
- analyze the deployment of personnel and resources;
- enhance employee productivity;
- eliminate redundant and repetitive action;
- reduce operational risks; and
- reduce and/or eliminate administrative time.

The development of a Public Safety Technology Master Plan requires subject matter expertise for 9-1-1/PSAP, law enforcement, fire and EMS business processes and public safety Information Technology systems.

Primary applications that should be examined include:

- Computer-Aided Dispatch (CAD) designed for E-911/PSAP, law enforcement, fire departments and EMS;
- automatic CAD integrated queries that connect to internal and external databases for queries such as stolen vehicle tag, vehicle tags related to a Be On The Lookout (BOLO), address history and safety/hazard warnings specific to an address or location name;
- Geographical Information System (GIS) capable of mapping all geofile validated information from any of the system applications;

- Automatic Vehicle Location (AVL) system integrated with the CAD application for closest unit dispatching;
- Mobile Data Computer (MDC) laptops for required public safety vehicles;
- Network applications that allow MDCs to connect to databases via Local Area Network (LAN), Wireless Local Area Network (802.11), Radio Frequency (800/700 MHz) or Cellular bandwidth;
- Law Enforcement Records Management System (LRMS) with applicable modules for NIBRS/UCR, Incident Reports, Traffic Crash Reports, Case Management, Property and Evidence and Crime Analysis;
- EMS/Fire Records Management System (FRMS) with applicable modules for Emergency Medical Services, EMS billing, Incident Reports, Training, Inventory/Supplies and Scheduling;
- Report Generator applications that provide user friendly statistical, graphical and mapping reports from all primary applications; and
- Electronic Document Management System (EDMS) to image, archive and retrieve documents.

A Technology Master Plan should also identify infrastructure requirements including:

- location of a secure Computer Operations Room that will house all application servers;
- redundant servers for mission critical applications;
- data backup system and off-site storage process;
- employment of an Uninterrupted Power Supply (UPS) for primary applications and backup generator system; and
- fire suppression system that will not damage equipment in the Computer Operations Room.

Finally, the Technology Master Plan for Public Safety should identify staffing and cost requirements related to the implementation of the Technology Master Plan. Appropriate staffing is required to ensure the system operates as designed; no system should be purchased without meeting staff requirements.

A projected and actual Return on Investment (ROI) can be obtained from appropriately employed technologies and applications. An ROI can be measured as time saved for a specific position and a dollar value calculated using the median FTE per hour wage. Savings of staff hours can demonstrate the cost efficiency of specific initiatives, the ROI for a specific technology investment, or the improved service to the public by utilizing personnel at maximum capacity.

Examples of potential technology project costs include:

- computer operations room configuration;
- initial hardware purchase;
- initial application purchase;
- installation and configuration cost;
- training costs;
- recurring cost – wireless network;
- recurring cost – annual maintenance fee;
- warranty costs of hardware;
- replacement and repair costs;
- hardware and software upgrade costs; and
- life expectancy of hardware and software – refresh costs.

No technologies should be purchased until a Technology Plan has been developed. An objective audit and assessment of current applications are required. Where applicable, currently utilized applications should be leveraged for maximum benefit.

To ensure maximum cost efficiency, the final plan should include an operational task list and projected schedule to completion. The project plan should identify any immediate business requirements that may require expenditures that are disparate from the long-term project objectives. Funding should not be expended on technologies that are not a component of the Technology Plan unless the procurement is demonstrated via a cost benefit analysis to be the correct decision (e.g., a time constraint may be a justification to expend funding on a current application if the long-term solution may not be operational for an unacceptable period of time).

It should be noted that all public safety executives and personnel interviewed by Evergreen expressed a strong desire and great enthusiasm to leverage technology for their departments.

FISCAL IMPACT

The recommendation can be completed utilizing existing resources and will require staff time.

CHAPTER 8:
HEALTH DEPARTMENT

8.0 HEALTH DEPARTMENT

This chapter reviews the Lee County Health Department (LCHD) and is organized into the following three sections:

8.1 Organization and Staffing
8.2 Financial Management
8.3 Organizational Planning

Three North Carolina General Statutes govern how a local health department operates. The local health departments are not considered state entities and they are not entirely local entities, as state statutes clearing dictate how certain aspects of the health departments are to be run.

The governing statutes include the following:

- The **Public Health Chapter 130A** authorizes the health departments and sets out the general guidelines for how the departments are to be run and governed, and how the essential service functions are to be provided. This law specifically gives the Board of Health (BOH) the authority to appoint the Health Director.

- The **State Personnel Act Chapter 126** stipulates that the provisions not only apply to state employees, but also to the administration of employees in the local social services, mental health and public health organizations, which are partially or fully funded by the state but operated locally. The statute is broad, and the details of how to implement the law are contained in the **North Carolina Administrative Code Title 25**. Any personnel matters not covered in the Administrative Code Title 25 are within the purview of the county.

- **County Statute Chapter 153A** enumerates the powers of the county, the county commissioners, and the county manager. The county controls the budget of the local health department and provides administrative support such as facility maintenance; accounting; audit; as well as employee benefit accounting and administration and certain payroll, timekeeping and personnel services. The county has authority over any and all functions not in conflict with the provisions of the Public Health and State Personnel Acts above.

  For example, according to this statute, the county manager has the authority to "appoint with the approval of the board of commissioners and suspend or remove all county officers, employees, and agents except those who are elected by the people *or whose appointment is otherwise provided for by law."* As stated above, the BOH is, by law, the appointing body for the Health Director.

The North Carolina Public Health Chapter §130A-1.1, states:

Mission and essential services.

(a) The General Assembly recognizes that unified purpose and direction of the public health system is necessary to ensure that all citizens in the State have equal access to essential public health services. The General Assembly declares that the mission of the public health system is to promote and contribute to the highest level of health possible for the people of North Carolina by:

(1) Preventing health risks and disease;
(2) Identifying and reducing health risks in the community;
(3) Detecting, investigating, and preventing the spread of disease;
(4) Promoting healthy lifestyles;
(5) Promoting a safe and healthful environment;
(6) Promoting the availability and accessibility of quality health care services through the private sector; and
(7) Providing quality health care services when not otherwise available.

(b) As used in this section, the term "essential public health services" means those services that the State shall ensure because they are essential to promoting and contributing to the highest level of health possible for the citizens of North Carolina. The Departments of Environment and Natural Resources and Health and Human Services shall attempt to ensure within the resources available to them that the following essential public health services are available and accessible to all citizens of the State, and shall account for the financing of these services:

(1) Health Support:

a. Assessment of health status, health needs, and environmental risks to health;
b. Patient and community education;
c. Public health laboratory;
d. Registration of vital events;
e. Quality improvement; and

(2) Environmental Health:

a. Lodging and institutional sanitation;
b. On-site domestic sewage disposal;
c. Water and food safety and sanitation; and

(3) Personal Health:

a. Child health;
b. Chronic disease control;
c. Communicable disease control;
d. Dental public health;

e. Family planning;
f. Health promotion and risk reduction; and
g. Maternal health; and

(4) Public Health Preparedness.

The Commission for Public Health shall determine specific services to be provided under each of the essential public health services categories listed above.

(c) The General Assembly recognizes that there are health-related services currently provided by State and local government and the private sector that are important to maintaining a healthy social and ecological environment but that are not included on the list of essential public health services required under this section. Omission of these services from the list of essential public health services shall not be construed as an intent to prohibit or decrease their availability. Rather, such omission means only that the omitted services may be more appropriately assured by government agencies or private entities other than the public health system.

(d) The list of essential public health services required by this section shall not be construed to limit or restrict the powers and duties of the Commission for Public Health or the Departments of Environment and Natural Resources and Health and Human Services as otherwise conferred by State law. (1991, c. 299, s. 1; 1997-443, s. 11A.54; 2007-182, s. 2; 2009-442, s. 1.)

Relating to the Board of Health, excerpts from the North Carolina Public Health Chapter § 130A-35 state:

(a) A county board of health shall be the policy-making, rule-making and adjudicatory body for a county health department.

(b) The members of a county board of health shall be appointed by the county board of commissioners. The board shall be composed of 11 members. The composition of the board shall reasonably reflect the population makeup of the county and shall include: one physician licensed to practice medicine in this State, one licensed dentist, one licensed optometrist, one licensed veterinarian, one registered nurse, one licensed pharmacist, one county commissioner, one professional engineer, and three representatives of the general public. Except as otherwise provided in this section, all members shall be residents of the county…"

(c) Except as provided in this subsection, members of a county board of health shall serve three-year terms. No member may serve more than three consecutive three-year terms unless the member is the only person residing in the county who represents one of the professions designated in subsection (b) of this section. The county commissioner member shall serve only as long as the member is a county commissioner…"

The current members of the Lee County Board of Health (BOH) are shown in **Exhibit 8-1.**

Exhibit 8-1
Lee County Board of Health (BOH) Members

Member Name	Membership Type	Appointment Date	Year Reappointed	Appointment Expires
Chairperson, Dr. David Fisher	Dentist Member	June 2003 (Filled unexpired term of Dr. Michael Hattaway)	June 2004 June 2007 June 2010	June 2013
Doc Oldham (Alternate Robert Reives)	Commissioner Member			Term of Office
Charles Clifford	Pharmacist Member	June 2004	June 2007 June 2010	June 2013
Dr. William Hall	Physician Member	June 2010		June 2013
Linda Kelly	Nurse Member	June 2008	June 2011	June 2014
Dr. Diane Schaller	Veterinarian Member	June 2008	June 2011	June 2014
Tamara Brogan	Public Member	June 2010		June 2013
Alice Hooker	Public Member	March 2011 (Filled unexpired term of Mr. Steve Brewer)	June 2010	June 2013
Martha Underwood	Engineer/Public Member	June 2011		June 2014
Dr. Lauren Williams	Optometrist Member	June 2008 (Filled unexpired term of Dr. Susan Bailey)	June 2009	June 2012
Dr. Kelly Faulk, Dentist	Public Member	June 2009		June 2012

Source: Lee County Health Director, December 2011.

As shown above, the term of the County Commissioner representative on the BOH is limited to the individual's term of office as a Commissioner. Following the election of Lee County Commissioners, the Commissioners meet in January of the following year to review and make committee assignments.

The BOH meets on the 2nd Wednesday of each month at 7:00 p.m. in the Commissioners Room of the Lee County Government Center. There are currently no standing committees of the Board, meaning the Board meets as a whole to review and vote on all items of business.

Exhibit 8-2 describes the services provided by the Lee County Health Department.

8.1 ORGANIZATION AND STAFFING

The effectiveness of public health services delivered to a county is significantly influenced by the organizational structure and staffing of its health department. The Lee County Health Department, with 39 budgeted full-time equivalent positions and three contract positions, is tasked with providing health-related services for the roughly 60,000 residents of Lee County.

Exhibit 8-2
Lee County Health Department Services

Function/ Program Name	Description
Animal Services and Shelter	The Lee County Animal Services and Shelter is an open door, county facility committed to protecting the health, safety and welfare of people and pets throughout the county by enforcing the North Carolina Rabies Law. The shelter houses stray animals that have been picked up as well as domestic animal brought to the shelter, regardless of age or health condition. Attempts are made to find animals new homes, but animals must be euthanized when a home cannot be found or the animal's health is such that it is not adoptable. In addition, the department handles rabies investigations, provides a minimum of two rabies clinics per year and works to educate the community about pet overpopulation and the benefits of spaying and neutering pets.
Women, Infant and Children Supplemental Food Program (WIC)	The Special Supplemental Nutrition Program or WIC is a federal program designed to provide food to low-income pregnant, postpartum, and breastfeeding women and infants and children birth to five years of age. The program provides a combination of nutrition education, supplemental foods, breastfeeding promotion and support, and referrals for health care. WIC has been proven effective in preventing and improving nutrition related health problems within its population. A person that qualifies for Medicaid, Food Stamps, or Work First automatically meets the income guidelines for WIC.
Environmental Health	Assist in the protection of our community's health through the prevention and control of environmentally related communicable diseases and through the minimization of exposure to environmental health hazards. Provides the following services: • Inspections and permits for wells and septic systems • Well inspections and water sampling • Investigations of environmental health complaints • Lead poisoning prevention program • Inspections and permits for providers of - Food service - Lodging - Schools - Child Care - Institutions - Swimming pools - Tattoo Parlors
Public Health Preparedness	Protect the health and safety of Lee County's residents by assuring that the necessary preparedness and response capacity exists in the event of a disaster whether natural or man-made.
Community Health Education and Promotion (CHEP)	Promote and encourage healthy behaviors by informing, educating, empowering, and encouraging lifelong learning about a variety of health issues. Services • Community Health Assessment/Evaluation • Community Health Fairs • Resource to the Community • Educational Training/Programs • Adolescent Health Issues • Sexual Health Issues • Tobacco Prevention • Nutrition and Physical Fitness • Policy and Environmental Change • Grant Writing

Exhibit 8-2 (Continued)
Lee County Health Department Services

Function/ Program Name	Description
LEECan	Increase awareness and resources to effectively address health and safety issues in Lee County through a collaborative community effort.
Clinical Services	The mission is to provide professional high-quality services to a diverse population in a personal and caring manner at the lowest possible cost. Services Available • Pregnancy Tests • Prenatal Care • Screening and Treatment for STD's • Pap Test and Family Planning • Immunizations • Child Health • Health Check Coordination • Child Service Coordination • Maternity Care Coordination • Maternal Outreach • Tuberculosis Follow-up • Jail Health • Lee Primary Care
Family Planning	The Lee County Family Planning program provides educational information on Sexually Transmitted Infections, testing, treatment, and birth control options and operates on a strict confidentiality policy.

Source: Health Department Director, January 2012.

The organization structure of the Lee County Health Department (LCDH) is presented in **Exhibit 8-3.**

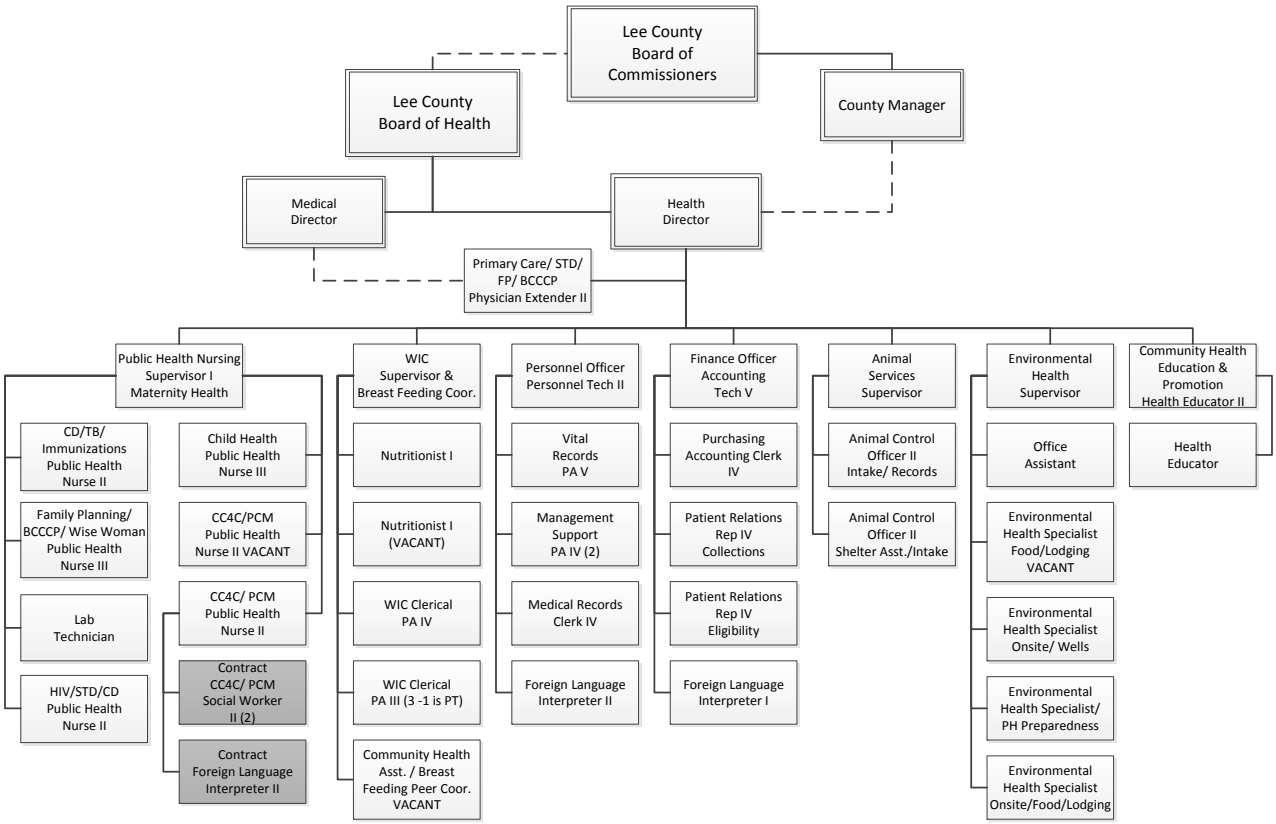
The majority of Health Department employees are physically housed in the Lee County Government Center. The Health Department also operates the Lee County Animal Shelter, which is physically located at 1450 North Horner Blvd. Additionally, the Environmental Health Unit and the Preparedness Coordinator are physically co-located with the Inspections Office at 900 Woodland Avenue.

FINDING

The organization and staffing structure within the Health Department is inhibiting the department's ability to respond in a timely and appropriate manner to the accreditation self-study, and will potentially continue to impede the process in the future.

LCHD has a new and relatively inexperienced Health Director and coordination for the accreditation response is vested with the Community Health Education & Promotion Manager (Health Educator), who does not have the authority, expertise or experience needed to guide the department through the accreditation process. Further, LCHD has a Nursing Supervisor with clinical nursing duties. Consequently, she has little time for administrative tasks nor the time needed to assume an administrative leadership role for accreditation coordination, as is a practice in many other health departments, despite the fact that she may have the greater knowledge and ability to handle that coordination.

Exhibit 8-3
Lee County Health Department
Organizational Structure



Source: Lee County Manager, January 2012.

FP= Family Planning
BCCCP = Breast and Cervical Cancer Control Program
STD = Sexually Transmitted Disease
CD = Communicable Disease
TB = Tuberculosis
CC4C = Community Care for Children
PCM = Pregnancy Care Management
On-site = On-site Wastewater Program
Wells = Private Well Program

LCHD is participating in the initial accreditation process for 2012. The accreditation process is rigorous, and has been ongoing throughout the State for a number of years. Senate Bill 804 was signed in Fall 2005 creating and funding North Carolina Local Health Department Accreditation—an act to improve the public health infrastructure by establishing an accreditation system for local health departments, as recommended by the Public Health Task Force 2004.

The focus of North Carolina's Local Health Department Accreditation (NCLHDA) is on the capacity of the local health department to perform at a prescribed, basic level of quality the three core functions of assessment, assurance, and policy development and the ten essential services as detailed in the *National Public Health Performance Standards Program.*

The program comprises three functional components:

- an agency self-assessment, which includes 41 benchmarks and 148 activities;
- a three-day site visit by a multidisciplinary team of peer volunteers; and
- determination of accreditation status by the NCLHDA.

In many health departments, the second most critical position in the organization is the position of Nursing Director. According to the current Nursing Supervisor, LCHD had a Nursing Director with two Nurse Supervisors (Public Health Nurse (PHN) IIIs) reporting to her. When the Nursing Director left in 2008, LCHD eliminated the Nursing Director's position and gave the responsibility to the two Nursing Supervisors. When one Supervisor retired in 2009, LCHD gave the remaining Supervisor full authority for supervising the unit, but required the Supervisor to remain on clinic duty, which provides little or no time for administrative activities.

The Nursing Supervisor understands what is expected for accreditation, and feels that because the Nursing Section has reviews every other year, her unit has most of the required policies in place. She is, however, concerned about meeting the accreditation deadlines, given her current workload, as there is a newly adopted policy format, meaning that all policies are going to have to be put into the new format, and in some cases, sent back to the BOH for approval.

The current Health Director came into the position in August 2011, having recently served at the state level in Environmental Protection. Although he has past experience in the Jones County Health Department, his experience with nursing and the clinical aspects of the department is limited. Therefore, he indicated that he relies heavily on his nursing and leadership team to fulfill many state and federal mandates of the various programs.

Exhibit 8-4 provides a flowchart, prepared by the NCLHDA, to outline the process.

The Health Educator, who has a great deal of experience in the Community Health Education programs of the department, but has not in the past been regularly involved with the day-to-day operations of many of the other programs within the Health Department, was assigned the coordination responsibilities prior to the arrival of the new Health Director. When she was assigned this task, she designated every fourth Thursday to meet with the leadership team on accreditation. The goal was to have all benchmarks ready by end of December. As of December 6th, out of 48 benchmarks and 148 activities, she indicated that approximately 10 have been addressed. She further stated that, because she has no authority to force the other managers and directors to make accreditation a priority, she is dependent on the Director to be the enforcer. He is supportive, but is still learning the processes himself. According to the Director, at the December 6, 2011 meeting, he placed the leadership team on notice that they must do whatever it takes to complete their tasks by the end of December.

Based on the current staffing levels and the absence of a full-time Nursing Director, who would normally dedicate a large percent of his or her time to the accreditation process, it appears virtually impossible for the current staff to update all necessary policies, and meet the many other accreditation benchmarks.

Exhibit 8-4
Flowchart of the Accreditation Process

Accreditation Board (AB) selects participating local health departments.

↓

Accreditation Administrator (AA) notifies health director, commissioners, board of health chairs and county manager of the pending site visit.

↓

Health department should submit the Health Department Self-Assessment Instrument (HDSAI) within 90 days after notification by the Accreditation Administrator (AA) that the accreditation process for the department has begun. The HDSAI should be submitted to the AA at the North Carolina Institute for Public Health.

↓

After receipt of the HDSAI from the health department, the Site Visit Team (SVT) reviews the HDSAI and supporting documentation, visits the health department, interviews local health department staff and other persons necessary to evaluate compliance with the benchmarks and inspect the facilities in accordance with the benchmarks.

↓

The SVT will prepare a report that makes a determination as to whether the benchmarks have been met and submit the report to the AB and the local health department within 14 days of the end of the site visit.

↓

The Accreditation Board meets, reviews the SVT's report and hears a presentation from the SVT. In addition, the local health department director will have the opportunity to respond.

↓	↓
If the local health department requests, the AB will grant the local health department an additional twenty-one (21) calendar days to submit additional written information to the AB. If the local health department submits additional information, the AB shall take action within 90 days of the presentation of the SVT to the AB.	If no such request is made, the AB may take action on the SVT's recommendation or may request additional information from the local health department and defer action on the recommendation to a later meeting. The AB shall take action within 90 days of the presentation of the SVT to the AB.

↓

The AB grants a status of Accredited or Conditionally Accredited.

↓

Accredited	Conditionally Accredited	
↓	↓	
Accreditation is awarded for four years.	If the AB assigns a status of Conditional Accreditation, the local health department may make a written request within ten (10) calendar days for reconsideration of the decision. The written request should state the specific objections to the decision and the basis for those objections. The AB will act on the request within sixty (60) calendar days.	
	↓	
	Conditional Accreditation is available for up to two years, during which time the health department implements a remediation plan. During the Conditional Accreditation period, the local health department may apply again for Accreditation in accordance with the rules adopted by the Commission.	
	↓	↓
	If the AB finds that the conditions of the Remediation Plan have been met, the AB will change the local health department status to Accredited.	If at the end of two years, Conditional Accreditation is not removed, the health department will be deemed Unaccredited.
↓	↓	↓
Local health departments should submit the HDSAI no later than 6 months before the expiration date of its accreditation. The AB will initiate a site visit in accordance with subsection .0202 and take action in accordance with subsection .0203 before the local health department accreditation expires. The process begins again.		Unaccredited

Source: North Carolina Local Health Department Accreditation Board; http://nciph.sph.unc.edu/accred/accred_process.htm

The primary purpose of a Nursing Director is not typically line supervision, although responsibility for oversight and supervision are part of the job. Rather, this position is typically responsible for planning, organizing, directing and evaluating the services being provided and ensuring that all state agreements and accreditation standards are met. In many instances, the Nursing Director is responsible for preparing the new Health Agreement Addenda and for performing the internal audits and reviews required by those Addenda.

Further, the Nursing Director is typically required to work with external state and federal auditors. Preparedness audits are completed each year, while the audits of Women's Health, Child Health, Immunizations and Breast & Cervical Cancer Control are typically done every two years. These audits each require a great deal of preparation time. The Nursing Director is also responsible for oversight of licensures, certifications, service contracts, and nursing requirements to eliminate liability issues for the agency.

RECOMMENDATION

Recommendation 8-1:

Eliminate the position of Nursing Supervisor, create a position of Nursing Director, and create a job description that includes responsibility for accreditation-related activities.

When the Supervisor's position is eliminated, the nursing services previously assigned to the Supervisor should be passed to a newly created nursing position, to ensure that the Nursing Director is not required to routinely perform nursing duties.

Additionally, the Nursing Director and Health Director should carefully examine roles and responsibilities, including responsibility for future accreditation coordination, that the Health Director feels should be delegated to the Nursing Director. When an organizational plan is developed, the authority and responsibility of the newly created Nursing Director should be communicated to all Health Department staff, so that there is no misunderstanding about the reporting lines or the Nursing Director's authority to act on behalf of the Health Director.

FISCAL IMPACT

The Nursing Supervisor's position has a current salary of $65,288. The salary for a Nursing Director is estimated to be approximately $70,000 annually. A PHN II in the department currently has an annual salary of $49,726. Therefore, the costs for making these changes are estimated as follows:

Action	Annual Salary Change	Annual Benefit Change (33% of Salary)	Total Savings (Cost)
Eliminate the Nursing Supervisor Position	***$65,288***	$21,545.04	$86,833
Hire a Nursing Director	($70,000)	($23,100.00)	($93,100)
Hire a PHN II	($49,726)	($16,409.58)	($66,136)
		Net Cost	**($72,403)**

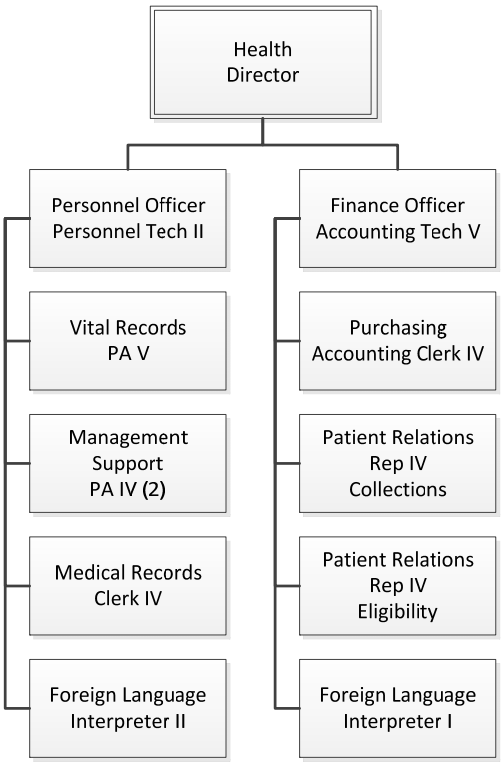
Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Modify Nursing Staff	($72,403)	($72,403)	($72,403)	($72,403)	($72,403)

FINDING

The Lee County Health Department has two sections that perform business-related functions. The duties and responsibilities of these two sections complement each other in many ways, and require regular coordination of effort. Although the Health Director has no direct administrative support, he relies on the staff in these two sections to assist him; however, this assistance is not a clearly defined part of their job duties.

Exhibit 8-5 shows the current organizational structure of these two units.

Exhibit 8-5
Current Business-Related Organizational Structure within the Lee County Health Department



Source: Lee County Health Director, January 2012.

The Personnel Officer supervises five employees in the Management Support area. The Finance Officer supervises three employees in the Finance Section. The basic roles and responsibilities of each of these positions are presented in **Exhibit 8-6**.

Since interactions with the Board and the handling of sensitive personnel matters are the primary responsibility of the Health Director, keeping these confidential and sensitive functions within the Office of the Director, rather than in a separate department with other varied responsibilities, increases Board and employee confidence that matters of importance will be handled appropriately.

Exhibit 8-6
Roles and Responsibilities of Business-Related Staff in the Lee County Health Department

Position	Key Roles and Responsibilities
Finance Officer	The Finance Officer supervises four positions and is responsible for budget preparation and expenditure monitoring, General Ledger accounting and fiscal controls over revenues and expenditures, compiling and submitting the monthly time study for all applicable staff and departments, compiles and submits monthly expenditure reports, maintains daily deposits and allots revenues to the appropriate line items, maintains, updates and audits contracts and grants for the Health Department, maintains written fiscal policies and procedures, and researches and prepares administrative and statistical reports in support of the programs of the Health Department, as needed.
Purchasing Accounting Clerk	This position serves as the Purchasing Agent and Accounts Payable clerk for all of the Health Department. She orders supplies, furniture or other items for the Health Department, codes invoices and assists in the daily reconciliation of cash and bank deposits. For the time study, she completes the first step of the process of reconciling and entering the information into the state system and passes it to the Finance Officer for final processing and submission. She also serves as back-up to the Medicaid and Patient Relations position, when needed.
Patient Relations (2)	The primary purpose of the positions is the flow of all data via Health Services Information System (HSIS). One is primarily responsible for collections and the other for eligibility. This system is the mechanism that we use to bill for clinic services provided by this agency and to report statistical information on the number of patients served by each program in our clinics. This positions also works with clinic staff or pulling patient records to resolve questions or problems, filing and purging data forms, updating HSIS manuals, etc. Maintains Medicaid accounts receivable and patient financial eligibility and screening for special funds such as Cancer Funds and CSHS Funds. These positions also provides relief for Environmental Health Management Support during lunch.
Personnel Officer	Maintains the personnel files for each employee, posts and coordinates interviews for vacant positions, handles paperwork associated with salary administration and hiring processes, and handles employee relations, including working with the managers and supervisors on written warnings, counseling sessions, terminations, resignations, and the like. This function involves the handling of confidential and often sensitive matters pertaining to Health Department staff. She also serves as the recorder for Board of Health meetings and assists in packet preparation prior to each meeting.
Medical Records Clerk	The Medical Records Clerk works directly with Clinic and Front Desk staff in maintaining medical records for all Health Department clients. She pulls records for the clinic about a week in advance of the client's appointment or when needed for walk-in services.
Management Support (Front Desk)	Staff assist clients at the time of service, answers phones, make appointments, update medical records, take payments on account, and generally handle customer relations at the front desk. Staff update the client charts and information found in the HIS system before and after the patient is seen and works closely with nursing staff to try to answer non-medical questions or refer the caller to the appropriate nurse. On Thursday and Friday afternoons there is no Clinic, therefore Front Desk staff assist the Medical Records person with re-filing. The Front Desk is also responsible for billing clients for services.
Vital Records	The Vital Records position serves as the Deputy Registrar, acting for the Health Director who is the Registrar of Vital Records for Lee County. This individual is responsible for ensuring that every birth and death that occurs in Lee County is filed according to North Carolina law with both the NC Division of Health Services and the local Register of Deeds. The LCHD has several back-up Deputy Registers that assist when this person is out of the office. As of November 1 of last year, births are handled electronically, whereas death reports are handled manually. Twice a month this individual handles death reports and coordinates with Register of Deeds to ensure that the records held by both entities are in sync. This individual also serves as backup for the Personnel Officer, when needed.
Foreign Language Interpreters (2)	Both Foreign Language Interpreters perform essentially the same duties. The primary purpose of both positions is to provide Spanish language interpretation services to support job tasks of nursing staff and physician extenders in the clinic setting. These interpretation services can include the translation of various health-related handouts. The interpreter working under the Personnel Officer also performs some clerical duties.

Source: Health Department Job Descriptions; Evergreen Interview Notes, December 2011.

Further, the work of the Front Desk and Medical Records contribute to and are integral to the work of the Finance Office. Other positions, such as Vital Records and the Interpreters, are already performing backup activities for other sections. By bringing all of these functions under the leadership of one manager, the productivity and effectiveness of each position can be enhanced.

RECOMMENDATION

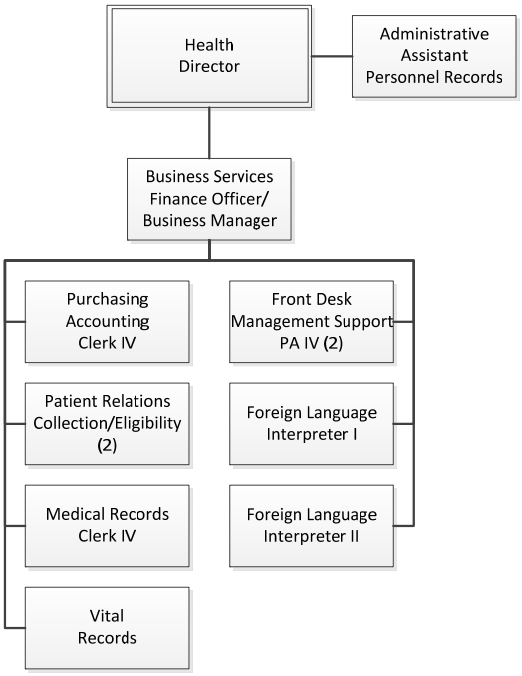
Recommendation 8-2:

Consolidate the two business-related sections into one Business Services unit, under the leadership of Finance Officer/Business Manager.

The position of Personnel Officer should be eliminated and all personnel and Board-related functions currently performed by the Personnel Officer should be transferred to a newly created position of Administrative Assistant to the Health Director. All other functions performed by that position should be dispersed among the remaining staff.

Exhibit 8-7 illustrates the proposed reorganization.

Exhibit 8-7
Proposed Business Services Organization Structure



Source: Created by Evergreen Solutions, 2012.

As the new Business Manager, the Finance Officer will now have oversight for all business services of the Health Department. As such, she should make a complete inventory of work performed in the section and reallocate the work load to ensure that all work is equitably distributed and employees understand their role and responsibility in the overall organization.

FISCAL IMPACT

The fiscal impact assumes that the Finance Office will receive a salary adjustment to compensate for the added responsibility, the positions of Personnel Officer will be eliminated, and a new position will be created for the Administrative Support Assistant to the Health Director. The salary for the new Administrative position was estimated by obtaining the average salary for the eight current administrative assistants in other county departments. The fiscal implications of these changes are shown below.

Action	Annual Salary Change	Annual Benefit Change (33% of Salary)	Total Savings (Cost)
Upgrade Finance Officer Position	($5,000)	($1,650)	($6,650)
Eliminate Personnel Officer Position	$39,793	$13,132	$52,925
Add Administrative Assistant to Health Director Position	($33,000)	($10,890)	($43,890)
Net Savings	**$1,793**	**$592**	**$2,385**

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Consolidate the Two Business Sections with the Health Department	$2,385	$2,385	$2,385	$2,385	$2,385

FINDING

Employees at the Animal Shelter are routinely receiving compensatory time off during the week to provide a minimal amount of coverage over the weekend for feeding and checking on the animals.

The shelter is open from 8:00 a.m. until 5:00 p.m. Monday through Friday. The Supervisor and two Animal Control Officers staff the shelter. The duties include:

- caring for, feeding, interacting with, and euthanizing animals;
- staffing the office and handling intake as well as adoptions; and
- maintaining the sanitation and cleaning of the facilities.

In addition to the paid staff, incarcerated individuals perform some tasks at the facility under the supervision of a county worker.

Although the office is not open on the weekends, two to three hours is required each day of the weekend to clean and feed the animals. To address this need, staff rotate weekend work and are given time-and-a-half compensatory time, which they attempt to use during the following week. Therefore, if six hours is worked during the two days of a weekend, that individual must then take off nine hours during the following week. The Supervisor indicated that if things are quiet, he sends staff home early in an effort to ensure they use their time.

The Supervisor said he has not scheduled staff for time off during the week since there must be at least three people to staff the office and take people around to view animals for adoption. When asked how he handled it when someone was out on leave, he said the remaining staff handled the work as best they could.

Although this situation may not be unique to the staff at the Animal Shelter, the majority of other departments said they attempt to avoid compensatory time for routine weekend work by scheduling staff for routine time off during the week on the weeks they are assigned to work the weekend.

RECOMMENDATION

Recommendation 8-3:

Immediately begin scheduling routine time off during the week when an employee is designated to work on a weekend.

Should units or departments other than those at the Animal Shelter be routinely working on the weekend, similar practices should be implemented. Although there is no dollar savings for implementing this recommendation, staff will be available in the office for one-third more hours each week if they are scheduled for 40 hours weekly, including weekend work.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

Although fees were increased, the economic downturn caused a sharp decline in the overall workload in Environmental Health, and although efforts have been made to reduce costs through eliminating positions, the unit's dependence on County funds is increasing.

Since 2006-07, the workload in Environmental Health has declined by more than 52 percent, as shown in **Exhibit 8-8.** The projections for 2011-12, based on actual data provided for July through November of 2011 and extrapolated as 40 percent of the total activity for the year, are shown in **Exhibit 8-9**. As shown, the projections for 2011-12 continue to show declines in every category but repairs.

As shown in **Exhibit 8-10**, staffing levels have been reduced by 1.9 full-time equivalent positions since 2006-07. The Health Preparedness Coordinator, who is also a trained Environmental Health Specialist, splits his time, with approximately 90 percent dedicated to Preparedness Activities and 10 percent to Environmental Health. He is physically located with Environmental Health, but indicated that the time he spends working on Environmental Health issues is mainly consultative; he does no field work.

Exhibit 8-8
Environmental Health Workload
2006-07 through 2010-11

	2006-07	2007-08	2008-09	2009-10	2010-11	Change Since 2006-07	% Change Since 2006-07
On-Site Wastewater:							
On-Site Systems:							
Applications Received:	258	97	105	77	65	(193)	-74.8%
Site Evaluations Conducted	1,547	987	875	662	360	(1,187)	-76.7%
Consultative Visits / Contacts	651	278	82	74	95	(556)	-85.4%
Table V Inspections	0	0	141	134	30	30	n/a
Improvement Permits Issued	215	113	12	78	62	(153)	-71.2%
Improvements Permits Denied	26	5	1	3	7	(19)	-73.1%
Construction Authorization Permits Issued	179	105	9	62	65	(114)	-63.7%
Operation Permits Issued	153	134	10	57	58	(95)	-62.1%
Permits Revoked	0	0	2	3	3	3	n/a
Permits Suspended	0	0	0	0	0	0	n/a
On-Site System Surveys	0	0	0	0	0	0	n/a
Total On-site Systems	**3,029**	**1,719**	**1,237**	**1,150**	**745**	**(2,284)**	**-75.4%**
Repairs:							
Applications Received	83	79	115	87	96	13	15.7%
Improvement Permits Issued	25	23	19	7	6	(19)	-76.0%
Construction Authorization Permits Issued	79	93	92	83	89	10	12.7%
Operation Permits Issued	55	70	63	69	82	27	49.1%
Total Repairs	**242**	**265**	**289**	**246**	**273**	**31**	**12.8%**
Re-evaluations - (Re-used/Re-locations):							
Applications Received	260	160	167	135	206	(54)	-20.8%
Inspections Approved	200	116	137	112	198	(2)	-1.0%
Inspections Denied	1	2	2	0	3	2	200.0%
Annual/Required Inspections	0	0	0	0	0	0	0.0%
Complaints Investigated	27	43	27	34	24	(3)	-11.1%
Total Re-evaluations	**488**	**321**	**333**	**281**	**431**	**(57)**	**-11.7%**
Private Water Supplies:							
Application Received	45	28	16	8	17	(28)	-62.2%
Well Site Consultative Visits	90	112	30	8	2	(88)	-97.8%
Grouting Inspection	27	26	26	6	14	(13)	-48.1%
Well Construction Permit Issued - New	35	23	19	8	17	(18)	-51.4%
Well Head Inspected	10	7	19	17	21	11	110.0%
Well Head Disapproved	n/a	n/a	n/a	n/a	1	n/a	n/a
Well Certificate of Completion Issued - New	8	3	8	6	8	0	0.0%
Well Site Evaluated	0	11	28	29	10	10	1000.0%
Bacterial Samples Collected	34	21	30	22	25	(9)	-26.5%
Other Samples Collected	10	2	20	13	18	8	80.0%
Well Consultative Contacts	16	11	1	1	3	(13)	-81.3%
Well Complaint Investigation	0	1	2	0	0	0	0.0%
Cert of Completion Issued - Abandonment	n/a	n/a	1	1	0	n/a	n/a
Well Construction Permit Issued - Repair	n/a	n/a	1	0	0	n/a	n/a
Total Private Water Supplies	**275**	**245**	**201**	**119**	**136**	**(140)**	**-50.9%**
Food and Lodging:							
Establishments Inspected	1,047	1,013	900	732	819	(228)	-21.8%
Establishments Visited	626	874	507	293	175	(451)	-72.0%
Construction Visits	10	23	35	37	36	26	260.0%
Permits Issued	108	105	91	103	96	(12)	-11.1%
Permits Revoked	0	0	0	2	0	0	0.0%
Permits Suspended	1	4	3	0	0	(1)	-100.0%

Exhibit 8-8 (Continued)
Environmental Health Workload
2006-07 through 2010-11

	2006-07	2007-08	2008-09	2009-10	2010-11	Change Since 2006-07	% Change Since 2006-07
Permits Re-issued	1	1	1	0	0	(1)	-100.0%
Plans Reviewed	26	16	23	9	10	(16)	-61.5%
Food-borne Disease Investigations	0	3	2	5	0	0	0.0%
Complaint Investigations	56	92	55	80	70	14	25.0%
Total Food & Lodging	**1,875**	**2,131**	**1,617**	**1,261**	**1,206**	**(669)**	**-35.7%**
Health Educations:							
Group Meetings Attended	31	49	42	42	23	(8)	-25.8%
Planned Presentations	3	15	6	11	9	6	200.0%
Professional Meetings Attended	105	173	85	45	41	(64)	-61.0%
Staff Conferences Attended	26	32	30	30	11	(15)	-57.7%
Total Health Education	**165**	**269**	**163**	**128**	**84**	**(81)**	**-49.1%**
General Sanitation:							
Complaint Investigations	27	11	3	7	8	(19)	-70.4%
Environmental Surveys	0	0	1	3	0	0	0.0%
Lead Investigations Conducted	5	8	2	9	1	(4)	-80.0%
Swimming Pools Inspected	96	103	57	53	50	(46)	-47.9%
Total General Sanitation	**128**	**122**	**63**	**72**	**59**	**(69)**	**-53.9%**
GRAND TOTAL ALL CATEGORIES	**6,202**	**5,072**	**3,903**	**3,257**	**2,934**	**(3,269)**	**-52.7%**

Source: Lee County Environmental Health Supervisor, December 2011.

Exhibit 8-9
Environmental Health Workload
2006-07 versus 2011-12 Projected

	2006-07	2011-12 Projected	Change Since 2006-07	% Change Since 2006-07
On-Site Wastewater	3,029	610	(2,419)	-79.9%
Repairs	242	278	36	14.7%
Re-evaluations - (Re-used/Re-locations):	488	473	(16)	-3.2%
Private Water Supplies	275	190	(85)	-30.9%
Food & Lodging	1,875	1,188	(688)	-36.7%
Health Education	165	98	(68)	-40.9%
General Sanitation	128	8	(121)	-94.1%
GRAND TOTAL ALL CATEGORIES	**6,202**	**2,843**	**(3,360)**	**-54.2%**

Source: 2006-07 and 2011-12 YTD Lee County Environmental Health Supervisor, December 2011; Projections Calculated by Evergreen Solutions.

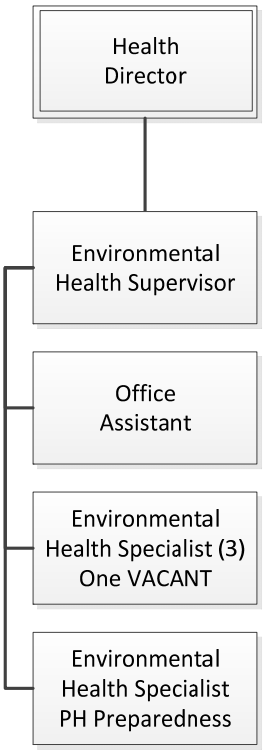
Exhibit 8-10
Environmental Health Staffing
2006-07 through 2011-12

Employees	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	% Change
Supervisor	1	1	1	1	1	1	0.0%
Office Support	1	1	1	1	1	1	0.0%
Environmental Health Specialists	5	5	4.1	4.1	3.1	3.1	-38.0%
Total	**7**	**7**	**6.1**	**6.1**	**5.1**	**5.1**	**-27.1%**

Source: Lee County Environmental Health Supervisor, January 2012.

As shown in **Exhibit 8-11,** the Environmental Health Supervisor manages a staff of three full-time Environmental Health Specialists and an Office Assistant.

Exhibit 8-11
Environmental Health Organization Structure



Source: Lee County Health Director, January 2012.

As shown in **Exhibit 8-12**, personnel costs rose through 2008-09. In 2010-11, one position was eliminated. A second position was partially eliminated when one Environmental Health Specialist took over the role of Health Preparedness Coordinator.

Exhibit 8-12
Environmental Health Revenues and Expenditures
2006-07 through 2011-12 Fiscal Years

Revenues	Actual 2006-07	Actual 2007-08	Actual 2008-09	Actual 2009-10	Budget 2010-11	Budget 2011-12	Change from 2006-07	% Change from 2006-07
Federal & State Grants	$9,588	$500	$1,835	$13,637	$12,887	$7,250	-$2,338	-24.4%
Sales and Services	$98,890	$140,780	$116,375	$82,545	$66,506	$68,632	-$30,258	-36.7%
General Appropriation	$294,558	$318,232	$350,507	$359,665	$336,795	$327,725	$33,167	9.2%
Total	**$403,036**	**$459,512**	**$468,717**	**$455,847**	**$416,188**	**$403,607**	**$571**	**0.1%**
% Funded by County	**73.1%**	**69.3%**	**74.8%**	**78.9%**	**80.9%**	**81.2%**		
Expenditures	**Actual 2006-07**	**Actual 2007-08**	**Actual 2008-09**	**Actual 2009-10**	**Budget 2010-11**	**Budget 2011-12**	**Change from 2006-07**	**% Change from 2006-07**
Salaries & Employee Benefits	$377,845	$431,882	$451,685	$439,528	$388,076	$377,357	-$488	-0.1%
Operating Expenditures	$23,401	$26,751	$17,032	$16,319	$28,112	$26,250	$2,849	12.2%
Capital Outlay	$1,790	$879	$0	$0	$0	$0	-$1,790	-100.0%
Total	**$403,036**	**$459,512**	**$468,717**	**$455,847**	**$416,188**	**$403,607**	**$571**	**0.1%**

Source: Lee County Adopted Budgets 2009-10 and 2011-12.

Although employees are cross-trained on most functions, reducing the number of registered individuals who are authorized to do this work could inhibit the unit's ability to respond to requests for service in a timely manner. At one point in the unit's history, a group of 14 to 15 part-time staff were used to handle requests for specific types of service in various geographic locations. These individuals were not physically housed in the county offices, but rather worked on an as needed basis in the field. While this was a difficult process to manage, contract or part-time specialists may be one option for reducing overall personnel costs.

Additionally, the Environmental Health Supervisor does not carry an inspection workload. With only four employees to supervisor, the administrative duties are limited. Spending a minimum of one-third of his time in the field could help reduce the workload on existing staff.

RECOMMENDATION

Recommendation 8-4:

Reduce staffing levels in Environmental Health to adjust for workload changes.

Staffing should be reduced by at least one half-time position, either through the use of multiple part-timers or by assigning one individual to fill a need in another department in Lee County.

By doing this, Lee County will realize the benefit of additional assistance in other departments that are in dire need for help. When the economy demands additional inspections, a qualified person will be available to shift back into the Environmental Specialist role without the need for additional training.

FISCAL IMPACT

For purposes of this fiscal estimate, the assumption is that the average salary for an Environmental Specialist is $51,225. Eliminating one-half of a position would, therefore result in savings of $34,065 annually ($51,225/2 = $25,613 per year plus 33 percent benefits of $8,452).

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Reduce Environmental Health Staffing	$34,065	$34,065	$34,065	$34,065	$34,065

FINDING

Customer satisfaction is not being routinely monitored by the Health Department.

In preparation for the accreditation self-study, the Department sent out surveys to the community and gave surveys to individuals being seen in the office. The department received responses from 48 community members, 34 English-speaking clients and 27 Spanish-speaking clients.

As shown in **Exhibit 8-13**, the client surveys indicated that Health Department staff treated them respectfully and gave the following ratings on a list of service criteria.

Exhibit 8-13
Lee County Health Department Customer Satisfaction Survey
2011

Service Provided	Excellent		Good		Fair		Poor	
	English	Spanish	English	Spanish	English	Spanish	English	Spanish
Privacy Provided	22	16	10	7	1			
Length of Wait Time	13	5	12	11	6	4	2	1
Quality of Care Provided	22	17	12	5	1	1		
Cleanliness of Health Department	21	18	11	5	1			
Bulletin Board/ Educational Displays	21	12	11	7	1	1		
Directional Signs of Building	20	14	12	7	1			

Source: Lee County Community Health Education & Promotion Manager, December 2011.

Comments and suggestions from the community respondents included the following:

- extend the hours of operation on certain days to accommodate working families;
- keep up the good work;
- have not been to the health department in 20 years;
- doing fine—pleased with the services;

- work out something with Central Carolina for mammograms; and
- most people are at work between the hours of 8-5; perhaps hours 9-6 would be more obtainable.

While the results of the survey are positive and provide some suggestions for improving operations, the leadership within the Health Department said they do not routinely distribute feedback forms or routinely solicit feedback from clients. The surveys also do not ask about all Health Department operations (such as Environmental Health or the Animal Shelter). Rather, most supervisors, managers or directors use the complaint process as a gauge of customer satisfaction. This method, however, does not provide employees positive or constructive feedback that could be motivational.

Other assessments, such as the 2010 Lee County Health Assessment, provide valuable information about the needs of the community, but are not designed to target customer satisfaction with the services provided by the Health Department per se.

RECOMMENDATION

Recommendation 8-5:

Require each unit within the Health Department to develop and implement a method for soliciting customer feedback in a meaningful way.

The initial survey conducted as part of the accreditation process can provide a guide or sample for feedback forms and other methods that might provide meaningful feedback relating to customer satisfaction. Plans for implementation of a customer feedback program should be constructed by each unit head and submitted to the Health Director for review and approval prior to implementation. Time should also be set aside during regular departmental meetings for sharing how each plan is working and the result of the feedback being received.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

8.2 FINANCIAL MANAGEMENT

The Lee County Health Department receives funding from federal, state and local sources, as well as from grants, donations, and client fees. The fiscal year in Lee County runs from July 1 thru June 30th of each year. **Exhibit 8-14** shows the budgets for FY 2010, 2011, and 2012. Revenues in this exhibit represent external revenues that support the Health Department's operation. Lee County then contributes the difference between the expenses and the external revenues, as shown in the final section of the chart.

As shown, Lee County contributes more than 50 percent of the total operating budget of the Health Department.

Exhibit 8-14
Lee County Health Department
Revenues and Expenditures
FY 2010 through FY 2012

Program	FY 2010 Actual		FY 2011 Budgeted		FY 2012 Budgeted		% Change	
	Expenses	Revenues	Expenses	Revenues	Expenses	Revenues	Expenses	Revenues
General Administration	$628,566	$105,939	$611,643	$62,769	$577,751	$89,428	-8.1%	-15.6%
Maternal Health	$208,329	$201,159	$219,989	$139,347	$206,709	$146,982	-0.8%	-26.9%
Child Health	$82,232	$52,477	$70,297	$34,042	$56,823	$39,353	-30.9%	-25.0%
Promotion	$125,427	$44,118	$132,144	$53,123	$106,282	$21,699	-15.3%	-50.8%
WIC Client Services	$197,710	$197,710	$277,053	$277,053	$255,565	$255,565	29.3%	29.3%
Family Planning	$156,945	$163,178	$186,808	$170,942	$197,841	$152,985	26.1%	-6.2%
Animal Control	$271,181	$56,162	$320,791	$55,507	$201,000	$4,174	-25.9%	-92.6%
Environmental Health	$455,847	$96,182	$416,188	$79,393	$403,607	$75,882	-11.5%	-21.1%
Aids Control	$47,521	$83	$51,126	$500	$50,708	$500	6.7%	502.4%
Bio-terrorism	$5,237	$49,236	$48,453	$48,453	$48,453	$48,453	825.2%	-1.6%
WIC Breast Feeding	$15,591	$15,592	$22,935	$22,935	$47,508	$47,508	204.7%	204.7%
Child Service Coordinator	$78,815	$37,431	$75,882	$24,203	$64,725	$57,302	-17.9%	53.1%
Communicable Disease	$157,741	$28,717	$171,767	$31,405	$186,642	$21,806	18.3%	-24.1%
Breast & Cervical Cancer	$23,814	$14,186	$20,725	$6,876	$10,787	$9,830	-54.7%	-30.7%
Immunization Outreach	$68,338	$27,404	$63,727	$24,128	$54,680	$24,955	-20.0%	-8.9%
WIC – Gen. Administration	$11,371	$11,372	$16,865	$16,865	$16,865	$16,865	48.3%	48.3%
WIC - Nutrition Education	$55,019	$55,019	$68,527	$68,527	$80,015	$80,015	45.4%	45.4%
Health - Primary Care *	$63,692	$43,074	$72,008	$56,000	$76,362	$38,292	19.9%	-11.1%
Dental *	$5,466	$11,823	$0	$0	$0	$0	-100.0%	-100.0%
H1N1	$48,781	$48,781	$0	$0	$0	$0	-100.0%	-100.0%
Health Check Coordination *	$22,650	$16,816	$0	$0	$0	$0	-100.0%	-100.0%
Totals	**$2,730,273**	**$1,227,678**	**$2,846,928**	**$1,172,068**	**$2,642,323**	**$1,131,594**	**-3.2%**	**-7.8%**
County Contribution (Expenses - Revenues)	**$1,502,595**		**$1,674,860**		**$1,510,729**		**0.5%**	
% Contributed by County	**55.03%**		**58.83%**		**57.17%**			

Source: Lee County Adopted Budgets 2009-10 through 2011-12.

* Not a Mandatory County Program

The Finance Office handles the accounting functions in collaboration with the County Finance Office. Health Department staff track time spent on tasks and services provided to claim and validate the use of state funds. The Finance Office records the entries, performs validation functions, and offers support to the Health Department when questions arise.

FINDING

The billing process for self-pays (e.g., clients who pay for all or part of the services provided by the Health Department), is impeded by the fact that the department does not have the ability to accept credit cards; clients at the Clinic may only pay by check or cash.

When clients do not pay for a period of one year, the debt is written off by a vote of the Board. Clients are not, however, notified of the write-offs as attempts continue to be made to collect some or all of the bad debt when and if the client returns to the clinic for services. In 2009, bad debts for the period of 2007-08 of $25,339 are written off. Bad debt write-offs for the 2008-09 and 2009-10 billing periods are shown in **Exhibit 8-15**.

Exhibit 8-15
Bad Debt Write-offs
FY 2010 and 2011

Program	2008-09 Billing Period Written Off in FY 2010	2009-10 Billing Period Written Off in FY 2011
Family Planning	$1,773.29	$7,449.82
Child Health	$772.95	$833.25
Maternal Health	$1,186.74	$4,237.67
Adult Health	$15.00	$0.00
Communicable Disease (TB skin tests)	$40.00	$25.00
Primary Care		$65.00
Total	**$3,787.98**	**$12,610.74**

Source: Lee County Board of Health Minutes, October 2010 and 2011.

The simplest and most traditional method of acceptance is the stand-alone terminal. Some businesses and small governments, however, have chosen to establish online payment options, and provide the customer access to a terminal where the client can enter the credit card information before services are provided. There are fees for these services, but the business can either absorb the fee or pass that fee along to the client opting to use a credit card for the transaction.

The October 2010 minutes indicate that 21 county health departments were surveyed regarding credit/debit card use. The majority accepted credit cards in some fashion; however, due to fees involved, equipment and security issues, the decision has been made to put this issue on hold and incorporate the fees into next year's budget. They also discussed the possibility of using the same system currently used by the Tax Department, which allows the client to go online and make their payments. The client is charged a fee for using this payment option.

This continues to be a topic of discussion, but no action had been taken to date. In discussions with the Finance Office, there appears to be no reason why the department could not set up a kiosk or stand-alone terminal in the lobby so that clients could enter the credit card information and pay before services are provided. The Finance Officer said that she is open to the idea and instructed the Health Department to research the possibilities and bring back a recommendation for consideration.

Today, credit and debit cards can be used to purchase everything from fast food to a vehicle. Instead of setting up a payment plan for clients who are unable to pay the full amount owed, the client could charge the total and pay the credit card off over time. Credit card acceptance can improve cash flow, reduce write-offs and reduce the purchaser's reluctance to seek services when cash is low.

RECOMMENDATION

Recommendation 8-6:

Establish a cost effective credit card option for fee payments.

In cooperation with the Finance Office, Tax Department and Information Technology Department, explore the various credit card options and the associated costs, and select the option that works best for the Health Department.

FISCAL IMPACT

If even 25 percent of the average write off amount for the last three years of $13,900 could have been recouped had the department had a credit card option, revenues would have increased by $3,480.

The actual cost of the system will depend entirely on the type of credit card system selected. During the research phase, efforts should be made to select the option where costs do not outweigh the benefits for implementing the system. For estimating purposes, the assumption is that in the first year, one half of the savings will be offset by initial implementation costs. In future years, the assumption is that the cost of system maintenance paid by Lee County will be limited to no more than $1,000 annually.

Once implemented, track and monitor the effectiveness of the credit card program in increasing revenues and cash flow.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Establish a Cost Effective Credit Card Option For Fee Payments	$1,740	$2,480	$2,480	$2,480	$2,480

FINDING

Despite the fact that the BOH raised the Environmental Health fees in 2007 by as much as three times the past rates, Environmental Health is progressively dependent on County funding.

As shown in **Exhibit 8-16**, in comparison, Lee County's fees appear to be in line with or higher than fees in the peer counties where schedules and some fee rates were located. According to the Chair, the BOH adopted a new fee schedule in 2007 in an effort to ensure that, in those instances where the law allows fees to be charged, the fees were set at a rate that would come closer to recovering the cost of services.

There are however, some fees that Lee County is not charging as well as some fees that may need to be adjusted to be more in line with the charges of peer counties. For example, some of the Food and Lodging Plan Reviews and the temporary Food Establishment Inspection fee may be low. Tattoo Shop Reviews and Permits may also need review and adjustment.

The Supervisor indicated that the BOH had decided not to charge a fee for On-Site Wastewater Repair Evaluations, as they felt a fee would discourage individuals from seeking a permit before making the repairs. Rutherford County is the only peer county found that does charge for this services, but the rate is set at $50, which appears affordable. In some instances, a small fee may be an appropriate way to value the service rendered without discouraging compliance.

Exhibit 8-16
Peer County Comparison of Environmental Health Fees

Service	Lee	Rutherford	Chatham	Franklin	Harnett	Surry	Stanly
New On-Site Wastewater System Evaluation	**$460**	$350	$275	$325			$150
New Non-Residential/Commercial/Engineered Large System Up To 600 gpd		$750	$330				
Existing On-Site Wastewater Inspection		$75		$165			
On-Site Wastewater Permit Re-Evaluation	**$300**	$175	$130	$165			
On-Site Wastewater Expansion Evaluation	**$475**	$200	$100				
On-Site Wastewater Repair Evaluation	**$0**	$50	$0	$0			
CA Type I	**$0**		$160				
CA Type II	**$370**		$180				
CA Type III	**$440**		$235				
CA Type IV	**$550**		$280				
CA Type V	**$630**		$450				
CA Type VI	**$710**		$1,000				
Set Back Compliance			$100				
Well Site Evaluation	**$300**	$350	$340	$325			
Well Evaluation And Re-Visit		$50	$50				
Well Abandonment Inspection		$50	$0	$0			
Well Camera			$50				
Sterile Bacteriological Sample Bottle		$4					
Well Water Sampling							
Inorganic Chemical Analysis	**$95**	$35	$33	$50		$25	$35
Nitrite/Nitrate Chemical Analysis		$35	$33	$50			$35
Petroleum Analysis		$50	$70	$50		$100	$50
Pesticide Analysis		$50	$70	$50		$100	$50
Bacterial Coliform	**$95**		$33	$40		$25	$30
Iron Bacteria			$33	$30			
Sulfur Bacteria			$33	$30			$35
Lead				$30			
Organic	**$95**						
New Well Water Analysis		$115					
Temporary Food Establishment Inspection	**$50**	$75	$75	$75	$75		$75
Food And Lodging Plan Review	**$200**	$200	$200	$250	$200		$250
Food And Lodging Plan Review - No Seating			$100				
Food And Lodging Plan Review - Remodel	**$175**		$50				$250
Food And Lodging Plan Review - Reopen	**$155**						
Mobile And Push Carts	**$50**				$200		$75
Meat Markets/Food Stands					$200		$125
Public Swimming Pool Plan Review	**$310**	$200	$200				
Tattoo Shop Review		$200					
Annual Tattoo Parlor Permit		$400	$150				
Annual Tattoo Artist Permit	**$155**	$200			$500		
Annual Public Swimming Pool Permit							
Seasonal Facility	**$155**	$100	$175				
Year Round Facility	**$155**	$200	$255				

Source: County Internet Websites; Lee County Environmental Health Supervisor, January 2012.

The Supervisor also suggested that when fees are raised, there is typically a decline in the requests for service, as individuals will tend to avoid making an application for service if the cost is prohibitive. While there may be an initial negative reaction, it is clear that other counties have weathered this initial reaction and are realizing additional revenues as a result.

RECOMMENDATION

Recommendation 8-7:

Comprehensively review and adjust Environmental Health fees.

The goal should be to set fees that are reasonable and fair, so as not to discourage citizens from seeking appropriate permits and inspections, but that incrementally increase revenues. In the future, the Board of Health should annually conduct a similar review to incrementally make adjustments, rather then making large adjustments every five years, as was necessary in 2007.

FISCAL IMPACT

Based on the current year's Environmental Health's budgeted fees of $68,632, it is reasonable to assume that adjusting the lower than average fees could increase revenues by 10 percent in the first year ($6,900), and by another 5 percent ($3,450) each year thereafter.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Adjust Environmental Health Fees	$6,900	$10,350	$13,800	$17,250	$20,700

8.3 ORGANIZATIONAL PLANNING

Maintaining an awareness of external and internal contingencies that could impact the organization and planning for possible eventualities is part of the governance and management responsibilities for any organization. Monitoring and planning for these contingencies becomes critically important in governmental entities that can and will be impacted by state and federal legislative changes.

FINDING

Two bills currently before the North Carolina General Assembly could have far-reaching implications for local health and social services departments.

- Senate Bill 433, short title: *Local Human Services Administration*, if signed into law, would give local boards of commissioners the authority to eliminate local human service agency boards and assume their roles or set up a merged board. They could also consolidate the provision of human services in the county under the direct control of a human services director appointed and supervised by the county manager or by the consolidated human services board.

- Senate Bill 552, short title: *Incentive Program for Public Health Improvement*, proposes to promote efficiency and effectiveness of the public health delivery system by establishing a Public Health Improvement Incentive Program and to strengthen the local public health infrastructure. The program would provide monetary incentives for the creation and expansion of multi-county local health departments serving a population of not less than 100,000. In order to be eligible to receive state and federal public health

> funding from the Division of Public Health, a local health department would be required to have a service area comprised of a population of 75,000 or more in addition to meeting other criteria.
>
> This bill requires those counties to partner with other counties that fall within that threshold. Some believe that every county will be affected by these Bills as there will be no "free standing" health departments as there is now. It is not known yet on the makeup on the number of board members or what happens to local health departments that currently have individual health directors.

Both of these bills are currently in committee; as of June 2011, SB 443 was in committee, and SB 552 was sent to committee in November 2011. Since the North Carolina General Assembly meets in regular session beginning in January of each odd-numbered year, and adjourns to reconvene the following even-numbered year for a shorter session, there is some reason to believe that these bills may still be under consideration in 2012.

RECOMMENDATION

Recommendation 8-8:

Establish a committee comprised of Lee County, Board of Health and Board of Social Services members to monitor these and other bills related to the operation of these entities.

Understanding the content and provisions of each bill should provide Lee County with better information on the possible implications should the bills be passed into law. Regular reports to each of the appropriate boards would also encourage open discussion relating to possible changes that could be on the horizon.

Should one or both of the bills pass, this same committee would then be equipped to lead the county through implementation of the bills.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

CHAPTER 9:
SOCIAL SERVICES DEPARTMENT

9.0 SOCIAL SERVICES DEPARTMENT

The Lee County Department of Social Services (LCDSS) is tasked with providing social services for the residents of Lee County. This chapter analyzes the LCDSS function in the following sections:

9.1 Organization and Staffing
9.2 Financial Management
9.3 Technology

North Carolina Statute outlines programs of public assistance, which includes both county health programs as well as other social services:

§ 108A-25. Creation of programs.

(a) The following programs of public assistance are established, and shall be administered by the county department of social services or the Department of Health and Human Services under federal regulations or under rules adopted by the Social Services Commission and under the supervision of the Department of Human Resources:

(1) Repealed by S.L. 1997-443, s. 12.3, effective August 28, 1997.
(2) State-county special assistance for adults.
(3) Food and Nutrition Services.
(4) Foster care and adoption assistance payments.
(5) Low income energy assistance program.

(b) The program of medical assistance is established as a program of public assistance and shall be administered by the county departments of social services under rules adopted by the Department of Health and Human Services.

(b1) The Work First Program is established as a program of public assistance and shall be supervised and administered as provided in Part 2 of this Article.

(c) The Department of Health and Human Services may accept all grants-in-aid for programs of public assistance which may be available to the State by the federal government. The provisions of this Article shall be liberally construed in order that the State and its citizens may benefit fully from the federal grants-in-aid.

(d) Each Community Care network organization designated by the Department of Health and Human Services as responsible for coordinating the health care of individuals eligible for medical assistance in a county is hereby deemed to be a public agency that is a local unit of government for the sole and limited purpose of all grants-in-aid, public assistance grant programs, and other funding programs.

Each county is responsible for administering these programs through a local Board of Social Services.

Services provided by LCDSS can be divided into two broad categories – financial assistance and social services. In addition, Lee County has placed several county-funded programs under LCDSS. **Exhibit 9-1** describes the services provided and administered by the LCDSS.

Exhibit 9-1
Services Provided by the Lee County Department of Social Services (LCDSS)

Function/Service	Description
Financial Assistance	
Work First Family Assistance	Temporary assistance for needy families (WFFA). Eligible families get a monthly check or a one-time payment when the family has children (under 18 or expected to graduate prior to turning 19) that meet a certain degree of relationship to the adults applying. Consideration given to countable income, that must be at or less than a certain percent of the poverty level and resources/liquid assets must be below certain levels. This program also provides Medicaid that assists with medical care to those family members.
Medical Assistance (Medicaid)	This program helps families or individuals (disabled/aged) with medical bills (doctor fees, prescription drugs, hospital charges, nursing home care, etc.). All programs have an income limit and some coverage programs have resource limits. If eligible, Medicaid can also cover unpaid medical bills for the three months prior to your month of application.
N.C. Health Choice	Health insurance coverage for the children who do not qualify for Medicaid and whose family income is under 200% of poverty. This program requires a yearly $50 enrollment fee for a family with 1 child or $100 for 2 or more when the family income is over 150% of poverty. There is a small copayment for some of the services provided by N.C. Health Choice.
Food and Nutrition Services	Supplements low income families/individuals to buy adequate food for proper diets. Households must pass an income and resource test. Allotments are computed based on income, certain household expenses, living arrangements and household size. Eligible households receive an EBT card (debit card) that they use to purchase food. The EBT card works similar to a credit card.
State-County Special Assistance for Adults	A cash supplement to help low-income individuals residing in adult care homes (such as rest homes) pay for their care. Adult care homes are unlike nursing homes in that medical care is not provided by the home staff. Designated staff may administer medications and provide personal care services such as assistance with bathing, eating, and dressing.
Child Support Enforcement	This program seeks to establish paternity, establish child support orders, enforce orders, collect payments, and obtain medical insurance from absent parents.
Crisis Intervention Program	This program is for low-income households in a heating or cooling-related life threatening emergency. This program has limited funding and normally runs during the fall and winter unless there is a presidential declaration due to heat related deaths during the summer.
Low Income Energy Assistance Program	This program provides a once a year assistance payment to low-income households to help with the cost of heating. Applications are usually taken in late October or early November. Checks are issued in February based on the type of heating source, the household's income and the area of the state the applicant resides.

Exhibit 9-1 (Continued)
Services Provided by the Lee County Department of Social Services (LCDSS)

Function/Service	Description
Social Services	
Energy Neighbor Energy and CEMC Project Share	This program is for households in a heating or cooling related emergency when service is provided by Energy Neighbor and Central Electric Membership Corporation. These programs have income limits and authorization is based on funding availability.
Jim Garner Fuel Fund for the Elderly	A program run strictly on contributions from the community. These funds are used to provide heating or cooling for the elderly that are living on fixed incomes. The program is expanded, when contributions allow, to assist this same elderly group with prescriptions.
Child Day Care	This program provides authorization for child day care expenses for low-income families that are employed, attending school, protective service's cases, and Work First Families. There are different eligibility requirements based on the reason for the need for child day care. Parents can expect to have a parent fee each month for their portion of the day care expense.
Work First Employment Services	The purpose of this program is to assist Work First recipients in becoming self–sufficient through job training and education with emphasis on job placement.
Child Services	Recruitment, training and licensing of foster/adoptive parents, conduct independent adoptions, supervision of adoptive placement, home studies for relative adoptions. Supervision of dependent children in foster care with the focus on return to family or other permanency situations, i.e. adoption, guardian, custody. Investigations or assessment of families where abuse/ neglect/dependency has been alleged. Treatment (case management) for families where abuse/neglect/dependency as been established.
Youth Work Permits	Issue employment certificates to children under the regulations of the State Department of Labor. Forms can be picked up at Social Services or printed from the Internet. After the employer completes the form, it must be brought to Social Services. The permit must be signed by the minor in front of the social service's staff issuing permits. The minor must bring with them their birth certificate or a legal picture identification.
Adult Services	Services include In- Home Aide Services, Home Management services, long term care, Adult Day Care (day care for adults), Nursing and Adult Care Home placement, respite services, case management for adults at risk for abuse, neglect or exploitation, adult protective services, Adult Care Home case management for those individuals in area facilities requiring enhanced care and supervising/monitoring adult care homes/family care homes under the licensure rules and regulations of the Division of Facility Services. Provide guardianship services for individuals found incompetent and there is no family or individual capable, suitable or willing to serve.
Community Alternative Program (CAP)	A Medicaid waiver program, that provides an alternative to nursing home placement for those eligible persons.
SA In-home	Individuals must have income below the federal poverty level, be eligible for Medicaid and otherwise eligible for Special Assistance, have an FL-2 indicating a need for Adult Care Home level of care, have an assessment and service plan that indicates the individual can live safely at home with services.
Aid to the Blind	Aid for people, who are not eligible for Medicaid, but need aid in getting eye exams and eye glasses; social work services for the blind. Appointments are necessary.
Disaster Assistance	Provide assistance to American Red Cross and Emergency Management in the event of a disaster. Functions would include registration of residents of shelters, management of the shelters and providing services to shelter residents.
Disposition of Unclaimed Bodies	When Lee County residents expire and the bodies are not claimed for burial by friends or family, social services must dispose of the bodies. This disposition does not include a funeral or burial.

Exhibit 9-1 (Continued)
Services Provided by the Lee County Department of Social Services (LCDSS)

Function/Service	Description
Other County Services	
Voter Registration	Register to vote all individuals applying for benefits, recertifying their benefits, or updating an address at a public assistance agency.
Fishing License Waiver	Issue Residential Subsistence Inland/Coastal Recreational Fishing License Waivers for recipients of Medicaid, Food Stamps and Work First Family Assistance.
Hillcrest Youth Shelter	Hillcrest Youth Shelter is a North Carolina licensed shelter which operates as a unit of the Lee County Department of Youth and Family Services. Hillcrest accepts referrals from the Department of Social Services, mental health, juvenile justice, schools, local providers, law enforcement and parents. Youth in crisis may walk-in to the shelter 24 hours a day. Their stay may be from one to 90 days. In addition to providing a safe, stable structured and home-like environment, the program is designed to assist the residents through intensive counseling and educational components. Follow-up counseling and referral services are also offered to residents who are discharged from the program.
	In addition, the county offers a Safe Place Program of prevention/outreach that is available to assist youth who may be in crisis. Sanford Nissan and the Pantry Company are primary sponsors of this program. Sites where youth may go if they are in crisis include each of the Kangaroo Stores in Lee County, the Nissan dealerships in Sanford and Moore County and the City of Sanford fire stations.
Psychological Services Program	The staff psychologist provides assessment, evaluation and/ or counseling for youth and their families. The Department of Juvenile Justice and Delinquency Prevention of Lee County, The Lee County Department of Social Services, the Lee County school system and other agencies refer youth an their families to this program. In addition, staff psychologist provides Parenting Classes in a six (6) session block to Lee County families. The purpose of the classes are to provide parents with the tools necessary to become effective teachers of their children, with the objective of teaching children to be self-responsible.
Juvenile Restitution & Community Service Program	This program provides an array of work opportunities for court-involved youth to make restitution or to perform a service to the community. When the courts refer a juvenile defendant to the Restitution Program, they are met with and a schedule of actual work hours are set up so they can have earnings to pay off the court debts to the victims and work off their community service hours. Types of work performed include mowing, yard work, helping at the Salvation Army Thrift Store, Breadbasket, washing county cars, etc.
Pre-Trial Release Program	The Pretrial Release program provides an avenue for low-risk defendants awaiting trial the opportunity to be released from custody and supervised in the community, while maintaining jobs and other family responsibilities. The defendants are supervised through daily contact or electronic house arrest. The second component to the program is assisting the District Attorney's office in expediting cases more efficiently through the court system. The worker visits the jail daily to determine any defendants that wish to plead guilty to their charges. After notifying the victims, if any, of the possibility of an earlier court date, the worker adds these cases to the first available court docket thus saving the time the defendant would have originally spent in jail.

Source: Lee County Director of Social Services, January 2012.

While some departments within Lee County report directly to the County Manager, by Chapter 108A Social Services Section 1, each county has a Board of Social Services as defined below.

108A-1. Creation.

Every county shall have a board of social services or a consolidated human services board created pursuant to G.S. 153A-77(b) which shall establish county policies for the programs established by this Chapter in conformity with the rules and regulations of the Social Services Commission and under the supervision of the Department of Health and Human Services. Provided, however, county policies for the program of medical assistance shall be established in conformity with the rules and regulations of the Department of Health and Human Services.

The Board has the following duties and responsibilities:

§ 108A-9. Duties and responsibilities.

The county board of social services shall have the following duties and responsibilities:

(1) To select the county director of social services according to the merit system rules of the State Personnel Commission;

(2) To advise county and municipal authorities in developing policies and plans to improve the social conditions of the community;

(3) To consult with the director of social services about problems relating to his office, and to assist him in planning budgets for the county department of social services;

(4) To transmit or present the budgets of the county department of social services for public assistance, social services, and administration to the board of county commissioners; and

(5) To have such other duties and responsibilities as the General Assembly, the Department of Health and Human Services or the Social Services Commission or the board of county commissioners may assign to it.

LCDSS has a local Board of Social Services (BSS) that is responsible for policy-making and is the body to whom the Director of Social Services reports. The members of the BSS serve three-year terms and can serve two consecutive terms.

There are five members: two (2) are appointed by the State Commission, one (1) is appointed by the DSS Board, two (2) are appointed by the Local Board of Commissioners (normally one of these positions is a County Commissioner). The appointment of the Commissioner member is not limited to the three-year term, but can be ongoing even if the term as Commissioner ends before the term for BSS service expires. The current members of the Lee County Board of Social Services are shown in **Exhibit 9-2.**

Exhibit 9-2
Lee County Board of Social Services

Name	Initial Appointment	Reappointment Date	Term Expires
David Riddle, Jr., CHAIRMAN	June 2010 Appointed by Social Services State Commission		June 2013
Commissioner Linda Shook, VICE CHAIR	Jan. 2009 Commissioner Representative	January 2010	Dec. 2011
Ophelia Livingston	June 2011 Appointed by Social Services State Commission		June 2014
Paul Utley	June 2008 Appointed by Board of Commissioners	June 2011	June 2014
Gail Dickens	December 2011 Appointed by other DSS Board Members		June 2014

Source: Lee County Director of Social Services, January 2012.

The Board of Social Services (BSS) meets at noon on the 3rd Tuesday of each month in the County Commissioner's Board Room. The BSS has no standing committees. Rather the decisions and deliberations of the BSS are made by the whole board.

9.1 ORGANIZATION AND STAFFING

The effectiveness of social services delivered within a county is significantly influenced by the organizational structure and staffing of the county agency which oversees the social services program. **Exhibit 9-3** provides an organizational structure of LCDSS.

LCDSS has 92 budgeted positions, including a Director. The Department is divided into seven sections that are tasked with providing social services for the roughly 60,000 residents of Lee County.

FINDING

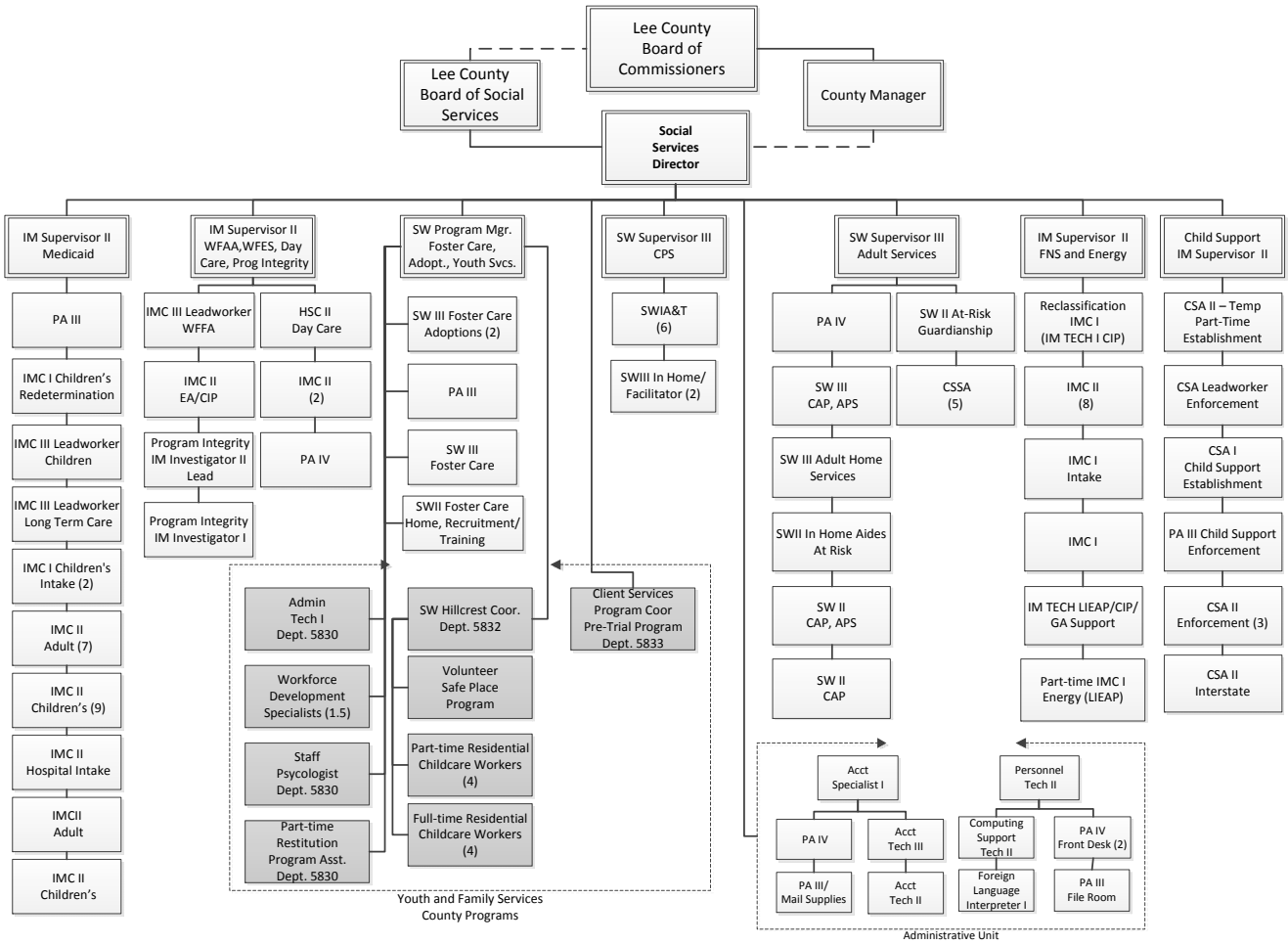
In 2008, LCDSS created a *New Hire Handbook and Quick Reference Guide* designed to help employees understand their rights as a DSS employee and help educate them about the differences between the agency which falls under Office of State Personnel and Lee County.

Although the booklet describes the differences between the state and local policies, the booklet makes it clear that:

> *The Department of Social Services is a part of Lee County Government; it is answerable to the Board of Commissioners and serves the people of Lee County.*

For example, the booklet outlines the differences in the probationary periods, and the manner in which the probation is applied. It discusses discipline and the differences between the county policies and the state policies. The booklet also directs the new employee to follow the chain of command starting with his/her supervisor, should they have questions, but also provides contact addresses and telephone numbers at the state level, should the employee wish to contact them directly.

Exhibit 9-3
Lee County Department of Social Services
Organizational Structure



Source: Lee County Director of Social Services, January 2012.

COMMENDATION

The *New Hire Handbook and Quick Reference Guide* provides new employees a basic understanding of the differences in policy between County and LCDSS employees, while still emphasizes the partnership that exists in service to the people of Lee County.

FINDING

Customer satisfaction is not being routinely monitored within the Department of Social Services.

Most supervisors, managers or directors with LCDSS use the complaint process as a gauge of customer satisfaction. Although there are occasionally complaints related to the work of a given

employee, the leadership said many of the problems cited in the complaints relate to eligibility issues over which the employee has very little control.

In the past, LCDSS had a position in the Business Office that was responsible for conducting a customer satisfaction survey four times a year. The form gave the client a selection of the type of services received, and asked basic questions about the quality of those services. When the position was eliminated, the surveys were no longer conducted. The department does have a suggestion box in the waiting room that has been used since the discontinuance of the survey. A review of suggestions from the 4th quarter of 2010 appear to be complaint oriented.

LCDSS appears to have a well-developed system for complaint handling through the chain of command as appropriate. When systemic complaints are received, such as those concerning the waiting times, the Director indicated that attempts are made to address those issues. There are, however, no longer formal methods used to solicit both positive and negative feedback from clients.

RECOMMENDATION

Recommendation 9-1:

Require each Social Services unit to develop and implement a method for soliciting customer feedback at least once during the year.

Plans for implementation of a customer feedback program should be drawn up by each of the unit heads and submitted to the Director of Social Services for review and approval prior to implementation. Time should also be set aside during regular departmental meetings for sharing how each plan is working and the result of the feedback being received.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LCDSS has developed methods to reduce the pressure on the staff who carry large caseloads by assigning a permanent on-call social worker and two permanent intake specialists.

Rather than requiring all Social Workers to routinely be available (on-call) after hours and on weekends to handle requests for assistance, LCDSS has assigned one permanent on-call person year-round. This individual is a Social Worker, and handles all calls relating to Child and Adult Protective Services as well as Foster Care and Adoptions. As such, other Social Workers who are carrying a full caseload are only assigned to be on-call three to four weekends a year, or when this person is out on leave.

The On-Call Social Worker works from 4:00 p.m. until 8:00 a.m. In addition to handling the incoming calls, the On-Call Social Worker assists other Social Workers by attempting contacts with clients or families in the evening or early in the morning before they leave for work.

Additionally, when DSS units in other counties request a courtesy visit to someone living in Lee County, such as the home of a child living with a grandparent, the On-call Social Worker is the primary person assigned to make these contacts. During the evening hours, she assists with filing, conducts peer reviews of records and generally assists where she is needed most.

The majority of work performed by her in the middle of the night is emergency work. Two or three times a week, law enforcement may call her for assistance, or she may receive a call that requires emergency services. The most important function she performs, however, between the hours of 4:00 p.m. and 8:00 a.m., is answering the phone. In addition to notifying the Supervisor of issues, the On-Call Social Worker turns over all information to the assigned Social Worker for follow-up and further handling the next morning.

When the other Social Workers are required to handle weekends or holidays, the Department has developed an "On-Call Bag" that provides instructions for handling the various types of calls; however, since the Social Workers are only on call infrequently, they rely heavily on the supervisors for instruction.

In the Income Maintenance areas, the supervisors indicated that policy changes and increased workloads made routine Intake work too much for case workers to handle. Additionally, the increase in the number of Spanish speaking clients made it virtually impossible for a single interpreter to keep up with the demand at Intake. Further, having two people tied up handling a single client did not appear to be a good use of time. To address this need, the units have assigned two caseworkers with no caseload to perform Intake—one of which is always bilingual. These two caseworkers handle all Intake and are given one day a week away from the Intake function to process applications. The Bilingual Worker gets one extra day a month for processing due to the translation work involved.

On the days when the assigned Intake Case Workers are processing applications, other Caseworkers rotate into the Intake position. Because a growing number of Caseworkers are bilingual, the department is now able to make the rotational assignments while still ensuring that there is always one bilingual person on Intake. If a Caseworker is unexpectedly sick on a day when they are assigned to rotate into Intake, another Caseworker takes their place, but the individual is then required to work Intake when they return to work.

COMMENDATION

LCDSS has found innovative ways to relieve pressure on staff while still providing high quality services to its clients after hours and during the Intake process.

FINDING

To ensure that staff within LCDSS has an opportunity for upward mobility, the Department of Social Services has implemented a practice of posting all vacancies internally, prior to posting the position to the outside.

The process provides subordinate employees an opportunity to advance—both in terms of title and of pay. It also allows employees who are burned out in one area an opportunity to seek a job

in another area of the department, rather than leaving the County. The advantage for the hiring supervisor is the fact that an employee applicant's work record is established—there are fewer surprises.

For example, if a position for a Social Worker IV becomes vacant, the position is posted internally, so that individuals in the Social Work III category who may possess the prerequisite job skills and certifications, can apply. If selected, the Social Worker III position is posted, and those possessing those prerequisite skills and certifications can apply. According to staff, the positions that are eventually posted to the outside are typically lower level clerical positions that would not constitute advancement for existing employees, or are those positions that have unique skill, educational or certification requirements that do not currently exist within the County.

One disadvantage to this practice is that Human Resources may end up posting 5-7 positions because of the trickle down affect of the internal movement of employees. During tough economic times when pay raises are small or non-existent, however, the morale boost and other advantages to employees who are hired into higher paying positions outweighs some of the administrative paperwork involved.

COMMENDATION

During hard economic times, the Lee County Department of Social Services has implemented a process of posting and hiring from within the Department to provide its employees the potential for upward mobility.

FINDING

Every unit within LCDSS, with only few exceptions, has one or more individuals that are at or
Every unit within LCDSS, with only few exceptions, has one or more individuals that are at or
near retirement. Additionally, serious and chronic illnesses have unexpectedly resulted in extended leaves of absence for a number of key employees over the last year.

According to staff, the tight budgets make it difficult for the county to hire staff in advance of an employee retirement so that the retiring employee has an opportunity to train their successor. Rather, positions are posted at the time the employee announces their intent to retire, with the replacement brought in to fill the position as soon after the retirement date as possible.

Some units have developed excellent handbooks and desk procedures that protect the institutional knowledge of the unit and are currently used to perform tasks when the person primarily assigned to that task is out of the office. Having trained backups for every position is also a good way to ensure continuity of service when someone retires. Although some managers and supervisors said they knew of someone within their section that would be capable of taking over should they retire or leave their position unexpectedly, others said that the nature of their work was such that someone from the outside would likely need to be hired.

RECOMMENDATION

Recommendation 9-2:

Develop succession or continuity plans for each unit in DSS, and periodically review and discuss the mitigation instruments to ensure that all key functions and positions within the department can continue if a key person leaves.

This recommendation is not a one-time effort that can or should be completed within the next six months, but rather should be an ongoing effort to ensure that key functions can and will continue should the person leave who is performing that function today.

Identifying the key positions and functions in each section that could inhibit the functioning of the department should the unexpected happen, is a first step in succession/continuity planning. From there, each unit would need to determine what is currently in place and what would be needed to ensure continuity of service. The final step would then be to fill in all of the gaps, and ensure that cross-training, desk procedures, and whatever other methods are developed to mitigate the risks are maintained and continually updated.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LCDSS is dependent on legal support for Adult Services, Child Services, Child Support, Program Integrity and other programs and services; however, with the retirement of the current General Counsel, decisions are needed to ensure that all legal services can still be provided in a timely and cost effective manner.

The majority of the legal work currently being done for the department is being handled by the County Attorney's Office, with the exception of a contract for legal services and representation in Child Protective Services matters. This has been possible because the Board of Commissioners made the decision to bring in a Deputy County Attorney—a year in advance of the County Attorney's retirement in December 2011. This was done to ensure that the new person had an opportunity to learn the county system before the individual with many years of experience retired. Upon retirement, the retiring County Attorney will be employed on a part-time basis.

During the time when two attorneys staffed the General Counsel's office, the Deputy handled nearly all of the internal legal work for LCDSS. According to the Deputy, Child Support required as much as one-fourth of his time as he oversees all court dockets, and all of the filings that are generated by the Child Support workers. Workers file the initial summons in the case, but the counsel reviews everything before it goes out to the courts. He advises Child Support workers on problem cases, goes to court with the workers, and represents the agency before the court. Court is held on first, third, and fifth Friday of the month. There is also a domestic day on Wednesday, which they periodically must attend – but not very often.

According to the Finance Office, in 2011, LCDSS paid $55,325 for the services of the Lee County General Counsel's Office and another $44,593 for external legal services. LCDSS receives state and federal reimbursement for some or all of the legal fees incurred for program related services.

While there is some overlap in the types of issues needing legal representation within LCDSS, there are differences in the courts, judges and types of filing needed for Child Protective Services versus Adult Protective Services and Program Integrity. Although the Deputy has provided effective support for personnel and contracting matters and has attempted to address these issues, there are advantages to having counsel with the particular legal expertise needed for specific cases.

RECOMMENDATION

Recommendation 9-3:

Contract for the specialized legal services needed in LCDSS and continue to use General Counsel for routine contracting and personnel matters.

The contract or contracts for external legal services previously provided by the Deputy General Counsel should be closely monitored. Because of the close proximity of the attorney's office staff may have become accustomed to seeking advice on routine matters that may be best handled by a manager or supervisor, therefore efforts should be made initially to ensure that only authorized staff are contacting external Counsel and that the matters being referred actually require the advice or intervention of Counsel.

FISCAL IMPACT

LCDSS is receiving reimbursement for a percentage of the legal work being done by the Lee County attorney. Assuming that LCDSS will continue to receive state and federal reimbursement, the actual cost for legal services that are paid with County funds should remain unchanged.

9.2 FINANCIAL MANAGEMENT

LCDSS receives funding from federal, state and local sources. The fiscal year in Lee County runs from July 1 thru June 30th of each year. **Exhibit 9-4** shows five years of actual and projected budgets. Revenues in this chart represent external revenues that support the LCDSS operation. Lee County then contributes the difference between the expenses and the external revenues.

In addition to the Social Services functions, LCDSS is also responsible for the administration of other programs that are Lee County operations. Some of these programs are grant funded or recoup some or all of the cost from fee for services; however, some are funded entirely through general appropriations from Lee County. The employees that work in these other programs are considered County employees rather than being covered under the Office of Personnel Services as are other LCDSS employees. The budgets for these programs are also presented separate and apart from the LCDSS budget.

Exhibit 9-4
Lee County Department of Social Services
Revenues and Expenditures
FY 2008 through FY 2012

Revenues	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Budget	Change from 2007-08	% Change from 2007-08
Federal and state grants	$6,200,360	$6,755,214	$6,802,887	$6,682,659	$6,555,294	$354,934	5.7%
Other sales and services	$44,431	$48,624	$47,453	$47,952	$47,163	$2,732	6.1%
Miscellaneous	$29,481	$30,137	$32,310	$7,105	$7,105	-$22,376	-75.9%
General Appropriation	$4,864,891	$3,338,886	$2,232,507	$2,719,627	$2,636,086	-$2,228,805	-45.8%
Total Revenues	**$11,139,163**	**$10,172,861**	**$9,115,157**	**$9,457,343**	**$9,245,648**	**-$1,893,515**	**-17.0%**
% Contributed by County	**43.7%**	**32.8%**	**24.5%**	**28.8%**	**28.5%**		
Expenditures	**2007-08 Actual**	**2008-09 Actual**	**2009-10 Actual**	**2010-11 Budget**	**2011-12 Budget**	**Change from 2007-08**	**% Change from 2007-08**
Personnel	$4,614,747	$4,809,800	$4,578,237	$4,850,310	$4,771,018	$156,271	3.4%
Operating	$569,309	$567,297	$587,849	$601,801	$588,841	$19,532	3.4%
Capital	$75,233	$23,844	$26,345	$43,929	$47,090	-$28,143	-37.4%
Programs	$5,879,874	$4,771,920	$3,922,726	$3,961,303	$3,838,699	-$2,041,175	-34.7%
Total Expenditures	**$11,139,163**	**$10,172,861**	**$9,115,157**	**$9,457,343**	**$9,245,648**	**-$1,893,515**	**-17.0%**
Regular Full-time Equivalents	**96**	**97**	**97**	**92**	**93**	**-3**	**-3.1%**

Source: Lee County Budgets 2010 through 2012, January 2012.

Exhibit 9-5 shows five years of actual and projected budgets for these programs.

The Youth and Family Services Program Manager oversees all of the other programs listed above, with the exception of the Pretrial Release Program, which has its own Program Coordinator who reports directly to the Social Services Director.

FINDING

The LCDSS Financial Office has compiled an instruction book of procedures for handling all of the various functions performed in the Finance Office by position, including the creation of the annual budget for the department.

The process of compiling this information started several years ago, as part of an overall cross-training effort within the unit. Each person began by writing step-by-step instructions for how they perform each task. They then met with the manager or the person they were to cross-train, and tested the procedures. All staff interviewed said that they learned a great deal from working with someone who did not know the process, as some of the steps they took for granted, had to be added to the instructions so that the instructions were useful to a novice.

Not only do the instructions say what is to be done, but they also include information on the due dates, the systems to use and the location of all files or documents that will need to be accessed to complete the task. Even key strokes and entry options are described and discussed.

Exhibit 9-5
Lee County Other Programs Administered by
Department of Social Services
Revenues and Expenditures
FY 2008 through FY 2012

Program	2007-08 Actual		2008-09 Actual		2009-10 Actual		2010-11 Budgeted		2011-12 Budgeted		% Change	
	Exp	Rev	Exp	Rev	Exp	Rev	Exp	Rev	Exp	Rev	Exp	Rev
Youth Services	$125,008	$94,769	$119,933	$90,290	$116,102	$92,635	$130,547	$90,355	$129,692	$74,385	3.7%	-21.5%
General Appropriation	**$30,239**		**$29,643**		**$23,467**		**$40,192**		**$55,307**		**82.9%**	
% From County	**24.2%**		**24.7%**		**20.2%**		**30.8%**		**42.6%**			
Budgeted Positions	**1.75**		**1.75**		**1.75**		**1.75**		**1.75**		**0.0%**	
	Exp	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**
THANKS[1]	$41,099	$31,755	$52,391	$36,582	$5,973	$40	$0	$0	$0	$0	-100.0%	-100.0%
General Appropriation	**$9,344**		**$15,809**		**$5,933**		**$0**		**$0**		**-100.0%**	
% From County	**22.7%**		**30.2%**		**99.3%**		**0.0%**		**0.0%**			
Budgeted Positions	**1.00**		**1.00**		**1.00**		**0.00**		**0.00**		**-100.0%**	
	Exp	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**
Hillcrest [2]	$259,508	$253,311	$290,153	$253,023	$274,654	$246,698	$325,295	$242,556	$213,122	$110,386	-17.9%	-56.4%
General Appropriation	**$6,197**		**$37,130**		**$27,956**		**$82,739**		**$102,736**		**1557.8%**	
% From County	**2.4%**		**12.8%**		**10.2%**		**25.4%**		**48.2%**			
Budgeted Positions	**6.00**		**5.50**		**5.50**		**6.00**		**4.00**		**-33.3%**	
	Exp	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**
Pretrial Release	$61,598	$0	$67,139	$0	$66,675	$0	$72,401	$0	$70,920	$0	15.1%	0.0%
General Appropriation	**$61,598**		**$67,139**		**$66,675**		**$72,401**		**$70,920**		**15.1%**	
% From County	**100.0%**		**100.0%**		**100.0%**		**100.0%**		**100.0%**			
Budgeted Positions	**1.00**		**1.00**		**1.00**		**1.00**		**1.00**		**0.0%**	
	Exp	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**
Family Centered Casework[3]	$39,582	$0	$189	$0	$274,654	$246,698	$325,295	$242,556	$213,122	$110,386	438.4%	#DIV/0!
General Appropriation	**$39,582**		**$189**		**$27,956**		**$82,739**		**$102,736**		**159.6%**	
% From County	**100.0%**		**100.0%**		**10.2%**		**25.4%**		**48.2%**			
Budgeted Positions	**1.00**		**0.00**		**0.00**		**0.00**		**0.00**		**-100.0%**	
	Exp	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**	**Exp**	**Rev**
Youth Employment[4]	$0	$0	$0	$0	$42,482	$41,231	$160,420	$41,231	$124,737	$124,737	n/a	n/a
General Appropriation	**$0**		**$0**		**$1,251**		**$119,189**		**$0**		**0.0%**	
% From County	**0.0%**		**0.0%**		**2.9%**		**74.3%**		**0.0%**			
Budgeted Positions	**0.00**		**0.00**		**1.00**		**2.00**		**2.00**		**200.0%**	

Source: Lee County Budgets 2010 through 2012, January 2012.

[1]Program Eliminated in 2009-10 due to lack of state funding.
[2]Hillcrest lost grant in 2011-12; staffing reduced to offset.
[3]The duties of the caseworker were assumed by the Hillcrest Coordinator in 2008-09.
[4]Program began in 2009-10.

At the time of on-site work, one member of the finance team was out on emergency leave. The group met to divide the work, and used the instruction book to ensure that each understood what needed to be done and the timelines for performing the function. Although there was a person cross-trained to perform each function, staff said they needed the book to guide them since it may have been months since they actually performed the task.

COMMENDATION

The LCDSS Finance Office is protecting institutional knowledge and ensuring continuity of services by maintaining detailed instructions for each function performed in the unit by position.

FINDING

The Sheriff's Office picks up bank deposits from the Tax Department for the Tax Department, Health Department, and LCDSS daily and delivers the deposits to the bank.

The Tax Department, Health Department and LCDSS take in cash daily, and during peak times of the year, these deposits can be substantial. Rather than having three employees from three different departments to take deposits to the bank each day, one Deputy performs this function. Further, the Deputy is armed and drives to the bank in a Sheriff's Department vehicle, which serves as a deterrent to crime.

Each department prepares the deposit slips, places their separate deposits into a bank bag for transport, and takes the bag to the Tax Department. The departments then take turns going to the bank to pick up the deposit slips and change for the registers for all departments, on a monthly rotation. Staff then reconciles the deposit slips to their respective financial reports.

COMMENDATION

By having the Lee County Sheriff's Office pick up and make deposits for the Tax, Health and Social Services Departments, the deposits are kept secure and staff efficiency is maximized.

FINDING

DSS operates four programs that are outside of the department's statutory mandates—Youth Services, the Hillcrest Youth Shelter, the Pre-Trail Release Program, and Youth Employment. Although these are all valuable programs for the community, two of these programs could be better administered outside of LCDSS.

Youth Services and the Hillcrest Shelter are unique programs that co-exist to provide youth in crisis a much needed safe place to stay as well as counseling services. As shown in **Exhibit 9-5**, Hillcrest lost a major grant that had provided significant funding for the program in the last year, and staffing reductions were necessary. Because of this loss and other funding and operational issues, Hillcrest's dependency on County funding has increased from $6,197 in 2007-08 to $102,736 in 2011-12. Youth Services dependency on the County has risen by another $25,000 over the same period.

Although a number of counties in North Carolina have arrangements with non-profit organizations that allow them to refer youth to a shelter or for counseling services, no other counties in the state were found that operate a shelter with county funds. Currently, Chatham County buys beds at Hillcrest and refers youth from that county, as needed and space is available. If a non-profit could be identified to run the Hillcrest and Youth Services programs, it may be possible for that non-profit to reapply for the lost grant funding, and potentially qualify for other grant funding that may not be available to the county at this time.

Continuing to operate programs within this unit that are not social services programs is placing a burden on a department that is already experiencing increased demand for services of all kinds.

RECOMMENDATION

Recommendation 9-4:

Move the operation of specific non-social services functions out of LCDSS, including the Hillcrest Shelter and Youth Services Program.

This recommendation recognizes the value of each of these programs and envisions the movement of the programs outside of LCDSS to be a means by which both programs can continue to exist and prosper. By identifying, or providing the community assistance in creating, a non-profit organization to run the Hillcrest Shelter and Youth Services program, the programs can continue to operate and thrive.

Identifying a non-profit willing to take on the Hillcrest and Youth Services programs will require a great deal of planning and conversation, as well as legal guidance should it be necessary for an interested church or community based entity be willing to pursue non-profit status. Lee County will need to take the lead in this process, and establishing a committee of community leaders to pursue the various options may be desirable.

FISCAL IMPACT

Although the county's contribution to Youth Services and the operation of the Hillcrest Shelter is steadily increasing, based on the 2011-12 budget, moving the program out of the county to a non-profit organization should initially save the county $158,043 annually ($55,307 for Youth Services and $102,736 for Hillcrest). Purchasing services from the non-profit on an annual basis is estimated to cost the county approximately $50,000 per year, resulting in rounded net annual savings of $110,000.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Move Non-Social Services Functions Out of the Department of Social Services	$110,000	$110,000	$110,000	$110,000	$110,000

9.3 TECHNOLOGY

The use of automation has enabled local health and human service agencies to enhance operations and program delivery. Technological advances in hardware and software combined with affordable pricing allow agencies of all sizes to utilize information systems to perform vital functions more effectively and efficiently.

FINDING

In 2008, the installation of a document management system within LCDSS was aborted due to the economic downturn. An updated price quote in 2010 was obtained, but also not acted on due to budgetary considerations. LCDSS is, however, a paper intensive operation in need of

technology solutions that would enable the department to operate more efficiently and effectively.

LCDSS began its intended conversion to a paperless environment in 2008 when an imaging and document management system (Northwoods File Management System) was strongly considered for installation. Laserfische, a program that Lee County did purchase and partially install in LCDSS and other divisions, works in conjunction with Northwoods as the storage facility for the data. The Northwoods system would have been applied on top of the Laserfiche and the two systems used in tandem.

The benefits of a document management and imaging system is the ability to instantly retrieve documents on a case file rather than searching for a file or files in a paper storage area. While on-site in Lee County, the Evergreen Team noted file storage areas that were crowded, files that were stacked on carts waiting to be filed and the like. With social service cases, there can also be more than one set of files associated with each of the services being provided to a single client. Knowing that multiple files exist, and then retrieving those files, can be time consuming and frustrating for both the staff and the clients they are attempting to serve.

North Carolina is pursing the North Carolina Families Accessing Services through Technology (NC FAST) Case Management Solution, which could impact the type of system that is needed by the department to improve the organization's workflow. Information regarding the planned implementation and capabilities of NC FAST is expected in 2011-12.

The original estimate for the Northwoods system was in the $400,000 range. Since it is not known whether this system or another type of system will be needed to compliment NC FAST, the actual cost for a system that can serve all of LCDSS is not known. While the case management portion of the project is not currently eligible for reimbursement, the scanning and records management side of the project should be eligible for reimbursement through federal funds. Some other counties have also been successful in obtaining funding for a portion of the costs through grants and local public-private partnerships. For example, the Richmond County Department of Social Services obtained a $20,000 Cole Grant through the Foundation of the Carolinas to assist them in procuring imaging technology for that operation. After applying federal reimbursements and the grant proceeds to the initial cost of the system of $480,000, Richmond County financed the remainder and is paying approximately $50,000 a year in debt service. The Richmond County Director said the system is paying for itself in increased productivity and the department's ability to avoid hiring new workers each year to meet increasing demands for services. She also indicated that having the system in place has greatly improved the department's ability to quickly respond to its clients.

In Yadkin County, where the Social Services Department has had imaging since 2007, the estimated savings during the first year of operation were estimated at $112,000 in staff, equipment, and supplies (such as toner and paper). Further, the move to imaging freed up two rooms that had previously been used to house old files. Although the conversion to imaging has not been without challenges, Lee County officials said the benefits of moving toward a paperless system outweighed the costs.

RECOMMENDATION

Recommendation 9-5:

Implement a document management and imaging solution that complements the NC FAST system and increases productivity.

LCDSS should begin by obtaining as much information as possible from the State on the planned capabilities of NC FAST, and then put out a Request for Proposals (RFP) seeking vendor options for moving the department into a paperless environment.

Funding and potential funding sources should be explored, and efforts coordinated with the County Manger and Finance Officer, to determine the best method for financing whatever solution is determined appropriate.

FISCAL IMPACT

Assuming the initial purchase price for whatever system is implemented remains in the $400,000 range, and assuming that some portion of the cost will be reimbursable with federal funds, and assuming the County will finance the remaining costs over time, the total debt repayment costs to Lee County should not exceed $50,000 annually, based on the Richmond County experience.

Ongoing maintenance costs once implemented are expected to be approximately $35,000 annually. In total, the annual cost to Lee County during the debt repayment period would be $85,000 ($50,000 in debt repayment + $35,000 maintenance costs). Since much of this is dependent on the implementation of NC FAST, the costs are not recognized until 2013-14.

As a result of implementing this technology, LCDSS should realize productivity improvements and free up needed space currently used for paper storage. The actual amounts of those gains cannot be estimated at this time.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Implement a Document Management and Imaging Solution	$0	($85,000)	($85,000)	($85,000)	($85,000)

FINDING

The dictation of notes into the Social Services system is time-consuming and frustrating for Social Workers in all sections, but is most problematic for Social Workers in Adult and Child Protective Services where detailed, high-quality notes can be critical.

Social Workers indicated that they often take their notes home and transcribe them to a Word document on their home computers and email the files to themselves, to be uploaded into the system the following day. Although employees can access county emails from home, and the documents they email to themselves on the internal email system are somewhat secure, saving client documents to a personal computer could compromise the security of those documents. In addition, employees are spending unrecorded personal time to complete work-related tasks.

Laptops are used by some staff, but are sometimes too bulky or do not have enough battery power to be useful in the field. Staff said it is difficult to walk around a house, converse with a client or family, hold a laptop and type at the same time. Some keep the laptop in the car and attempt to transcribe their notes after returning to the car, but find that process to be awkward, at best. Some staff indicated that they are using electronic tablets for non-work issues, and felt they might be more versatile than laptops and are light enough to be used when walking around or talking with clients.

This dictation challenge appears to be a problem for most social services agencies; however, some are using technology options to address the problem. Social Workers said they had seen or used electronic tablets and Voice-to-Text software that takes the spoken word and translates it into text. Although they mentioned pros and cons to each option, the Social Workers indicated that having some type of technology solution available to them would be helpful.

RECOMMENDATION

Recommendation 9-6:

Purchase and test a sample of various technology options so that staff and management can fully evaluate the options and make meaningful choices about how best to reduce the dictation burden on staff.

Establishing the measures that will be used in advance of the test (such as usefulness in the field, reductions in time required to complete dictation, reductions in the backlog of dictation, and the like) will help ensure that each device is fairly evaluated. It is likely that personal preferences may make it desirable to consider offering multiple options for staff if more than one option provides similar benefits. Care should also be taken to ensure that whatever is purchased is compatible with the department's existing operating systems and platforms.

FISCAL IMPACT

Most of the technology options discussed above have a price tag of under $200, therefore purchasing two or three units of each of several options for testing purposes would be relatively inexpensive. The fiscal impact assumes that four sets of three devices each will be purchased at a cost of $200 each, or a total cost of $2,400 (4 sets of devices x 3 devises each x $200 each = $2,400.)

Once the testing and evaluation are complete, LCDSS managers can make budgetary recommendations about the advisability of purchasing and implementing none, some or all of the devices across the agency. The cost of agency-wide implementation cannot be estimated as the costs will depend on the final evaluation and recommendation.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Explore Technology Options to Reduce Dictation Burden	($2,400)	$0	$0	$0	$0

CHAPTER 10:
SOLID WASTE/WATER UTILITIES

10.0 SOLID WASTE/WATER UTILITIES

The provision of fresh water and efficient waste management ensure community health, well being, and quality of life. As resources continue to be strained and demand for high quality service increases, a more sustainable business model is needed in local government utilities to ensure their success in the future. More specifically, utilities have to incentivize customers to use less water and create less waste while maintaining current revenue levels. Through more efficient operations, broader conservation efforts, and innovation, utilities can improve services while shifting customer use patterns.

As local government utilities begin this transition, there are a number of sizable challenges facing the water and waste related operations of local governments that will need to be mitigated:

- aging infrastructure that requires maintenance, monitoring, renewal, and replacement of these critical assets;
- lack of availability of capital resources;
- need to ensure full cost recovery from current operations;
- new regulatory requirements (federal and state) increasing costs and complexity of service delivery;
- availability of new land and water;
- lack of effective technology and highly qualified staff;
- inadequate infrastructure and geographical linkages to ensure there is sufficient economies of scale to lower cost or make outsourcing affordable; and
- limitations on economic development due to lack of water, sewer, and waste disposal availability.

Lee County, North Carolina, has taken a viable, yet alternative approach to creating sustainable, cost effective local government utilities. In 2005, Lee County sold its fresh water operation to the City of Sanford. The City runs the system and the County does not allocate any resources nor gain any revenue from the water and sewer operation.

Although there has been discussion of reentering the utilities market, there are a number of reasons that Lee County should maintain the current arrangement:

- The capital intensive nature of water utilities would require a sizable investment on the part of the County to provide new or purchase existing infrastructure.
- Average residential demand for water services is declining due to conservation efforts or expenditure sensitivity while costs have increased.

- Fixed costs composed of capital and administrative costs are unlikely to decrease after the initial investment and revenues are projected to remain flat or decline in most areas.

- Potentially a new County water utility would have to charge rates higher or at the very least more complex than the City to finance the initial investment which could limit public support for reentry to the market.

- Revenues from a newly created water utility would be insufficient initially to cover costs of operations and would require off-setting funds from general revenues in a time of limited resources.

- All of the necessary expertise would have to be brought to the County, since all but one previous staff member is no longer in County employment.

Given these factors, it is advisable that Lee County looks for ways to address the community's water and sewer needs by partnering with the City of Sanford or other adjacent counties.

Similarly, Lee County moved to a third-party model of waste disposal. The approximately 60,000 residents making up the City of Sanford, Town of Broadway, and the County's unincorporated area produce approximately 100,000 tons of residential, commercial, industrial, and institutional waste on an annual basis. Waste is collected through a combination of private haulers (unincorporated), six county-operated convenience centers (unincorporated), and contracted services (City of Sanford and Broadway). The transfer station is owned and operated by Waste Management, Inc. with disposal primarily occurring at the Waste Industries Sampson County Landfill.

This chapter reviews the water/wastewater and solid waste functions based on the limited operations retained by Lee County. Given that water/wastewater is completely handled by the City of Sanford, no further analysis will be included in this chapter. For solid waste, after an assessment of the organization and management of the two functional areas, more detailed recommendations are provided based on factors that are critical to operational success.

The chapter includes the following sections:

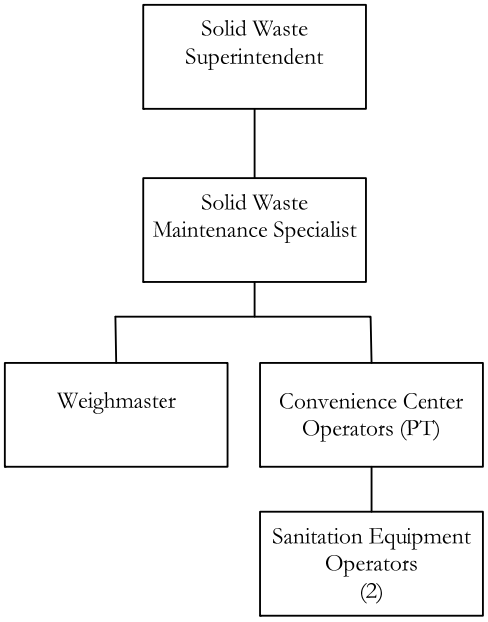
10.1 Organization and Management
10.2 Service Delivery
10.3 Staffing and Development
10.4 Operations
10.5 Revenue Management

10.1 ORGANIZATION AND MANAGEMENT

This section provides an overview of the organization of Lee County's solid waste function. The mission of the Department of General Services Solid Waste Division is to meet the County's solid waste needs through a resource management infrastructure designed to reduce its reliance on land disposal and to promote sustainable behavior. In order to better understand operations, a summary of organizational structure, financial resources, and cost comparisons are provided.

The current organizational structure for the Solid Waste Division is shown in **Exhibit 10-1**.

Exhibit 10-1
Current Organization Structure
of the Lee County Solid Waste Division



Source: Created by Evergreen Solutions, December 2011.

As can be seen, the Solid Waste Division is divided into two basic areas: operators and convenience centers. The Solid Waste Maintenance Specialist oversees the activities of the two Sanitation Equipment Operators, assists with maintenance of equipment, and ensures compliance at the County's facilities. In addition, the position is responsible for reporting and recording the weight to waste collected and disposed of by the County. The Sanitation Equipment Operators primarily haul refuse from the six convenience centers, school buildings, and government buildings. The Convenience Center Operators are part-time employees of Lee County charged with overseeing each of the center sites to ensure that customers have access, comply with use requirements, and provide minimal assistance.

A synopsis of each of the full-time positions provided by the County appears below.

- **Solid Waste Superintendent** - The Solid Waste Superintendent performs supervisory, administrative, and specialized skilled work in directing and coordinating the daily operations of the County Solid Waste/Waste Collections Division. The Superintendent's work involves preparing, writing, and administering the implementation of Lee County's Comprehensive Solid Waste Management Plan which is required by the Solid Waste Management Act of 1989. This Act covers a period of ten years and is updated every three years. The Superintendent is responsible for the planning elements which include waste reduction, waste collection, recycling and reuse, composting and mulching, incinerations, waste transfer outside the geographic area, waste disposal, education with the community and through schools, special waste management, illegal disposal/litter,

purchasing recycled products, and disaster response (debris management). In addition, the position does code enforcement, grant writing, and contract administration.

- **Solid Waste Maintenance Specialist** – The Solid Waste Maintenance Specialist performs supervisory and specialized skilled work in directing and coordinating the daily operations of the Solid Waste Division of the General Services Department. The Specialist's work involves assisting the Superintendent in all functions of the Solid Waste Division.

- **Weighmaster** - The Weightmaster's work involves operating scales that are synchronized with the computer to weigh all incoming vehicles; utilizing the Waste Works software bookkeeping program which ensures that all transactions are documented and recorded correctly; designating customers as "cash" or "charge" customers and general convenience center users by using material codes for designated dumping areas; collecting fees and balancing a cash drawer; performing waste screening; and educating the customers regarding guidelines, fees, and services to Lee County residents for solid waste disposal.

- **Sanitation Equipment Operator** - This Operator performs semi-skilled work in the operation of the Sanitation Division of the General Services Department. The Operator's work involves operating sanitation equipment in the collection and transfer of refuse, debris, and recyclable in the County Solid Waste Program which requires the operation of two heavy commercial trucks (such as a front-end loader trash truck and a roll-off truck).

In addition, there is an administrative support staff member who assists the Solid Waste Division. Although her FTE is assigned to the Division, she allocates approximately 40 percent of her time to other duties. The current structure possesses little redundancy. The overall staffing is a slightly lower than average of national peers in solid waste management, but this is due to the level of outsourcing currently utilized. Although staff cost is typically a fair portion of overall cost in a solid waste operation, Lee County has maintained low staffing costs.

The Solid Waste Division operates from an Enterprise Fund structure. The State of North Carolina defines the funds operated in this manner:

> *§ 143C-1-3. (6) Enterprise Funds. – Accounts for any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Each of these criteria should be applied in the context of the activity's principal revenue sources.*
>
> *a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.*
>
> *b. Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges rather than with taxes or similar revenues.*
>
> *c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.*

Exhibit 10-2 summarizes revenues, expenses, and net excess. Financially, the Solid Waste Division has losses in the 2007-08 and 2008-09 while 2009-10 shows an excess of $14,953 (approximately one percent). All costs are covered from the Enterprise Fund and nothing to date has been requested from General Revenue funds. In the requested budget, the total projected revenues are decreased by 3.26 percent for 2011-12 due to the end of a $150,000 grant. Given the lack of significant reserves, there is little of margin for error in the current budgeting.

Exhibit 10-2
Lee County Solid Waste Division
Revenue, Expenses, and Net Excess
2007-08 to 2011-12

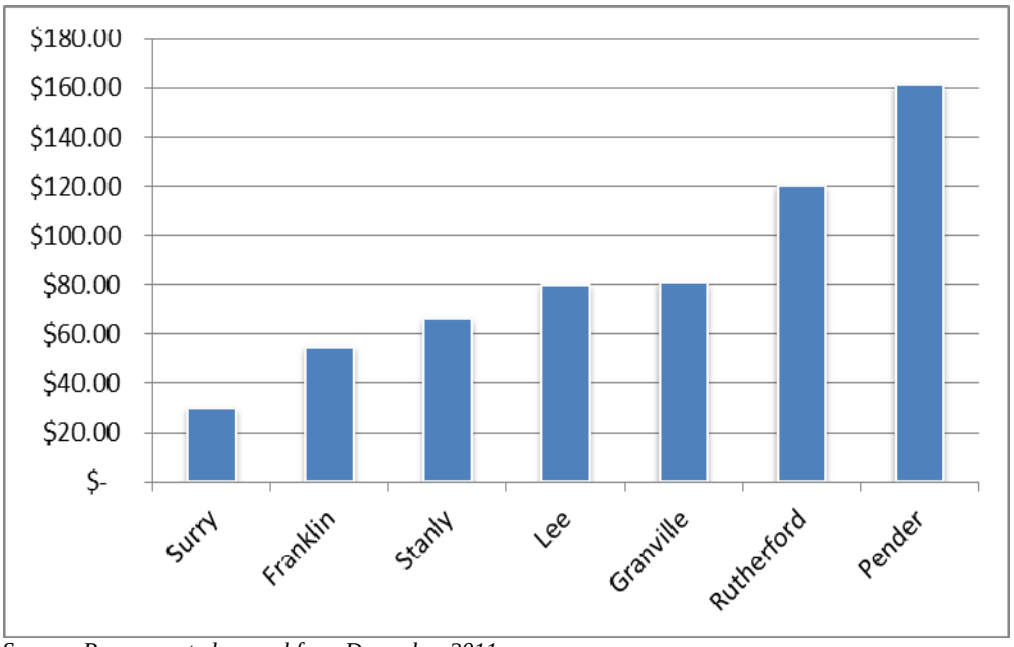
Category	2007-08	2008-09	2009-10	2010-11*	2011-12*
Revenues	$1,294,268	$1,211,763	$1,218,085	$1,460,659	$1,413,041
Expenses	$1,483,936	$1,344,542	$1,203,132	$1,460,659	$1,413,041
Net Excess	$(189,668)	$(132,779)	$14,953		

Source: Created by Evergreen Solutions, December 2011.

* estimates

Given the typical autonomy of waste management funding, rates are a key to ensuring that costs are covered on a regular basis. **Exhibit 10-3** illustrates the differences in rates between Lee County and peer counties. As can be seen, Lee County falls in the middle of its peers and on par with Granville County at $80 per year.

Exhibit 10-3
Summary of Annual Fees for Lee County Population Peers

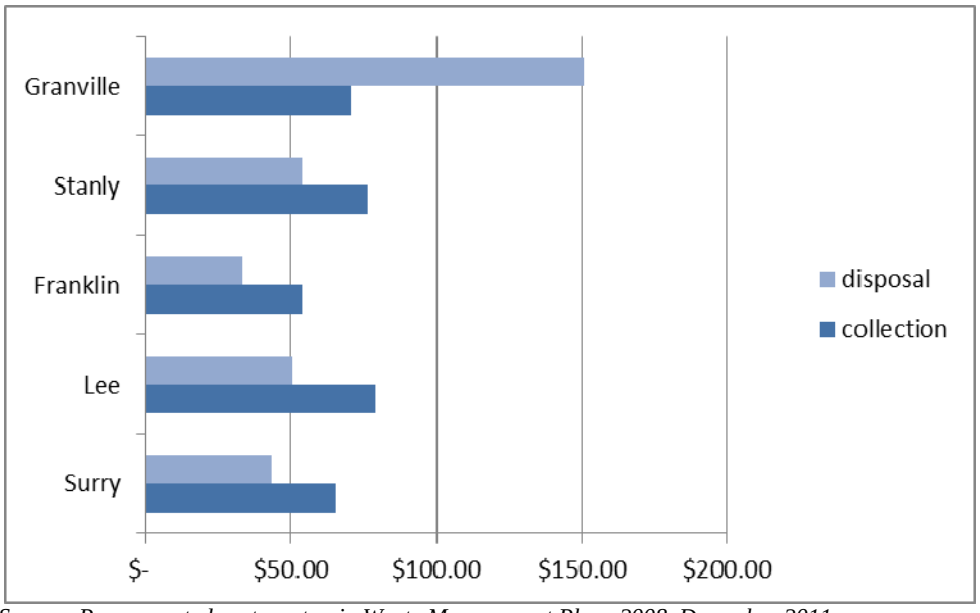


Source: Peer reported annual fees, December 2011.

Cost comparisons provide an approximate view of the resources being utilized to accomplish comparable outcomes in different jurisdictions. In some ways, these approximations can be linked to a snapshot of overall efficiency of operations. As a caution, it is important to recognize that operations have different processes, anticipated service levels, sourcing arrangements, relative labor market, and capital needs that may dramatically impact these outcomes. Consequently, this section will only make some general observations about the differentials and provide a basic indication of current operational positioning.

Exhibit 10-4 summarizes the cost per ton of collection and disposal in the relevant peers based on data reported in their individual Waste Management Plans. Again, Lee County falls somewhat in the middle of its peers with a slightly higher collection cost and slightly lower disposal cost.

Exhibit 10-4
Cost Per Ton of Waste Collected and Disposed Among Lee County Peers



Source: Peer reported cost per ton in Waste Management Plans 2008, December 2011.

Several general observations about the data and the results can be made, including:

- Lee County is below the peer average cost per ton on collection and disposal;
- a comparison of the cost of the recycling plan places it below the peers;
- the cost per ton is lower for Lee County that the City of Sanford; and
- efforts made by Lee County to reduce waste creation appear to be working.

10.2 SERVICE DELIVERY

Like any public function, waste management is a service we all depend on, but rarely notice until something does not go well. The efficiency and effectiveness of the operation can make the difference between quality services at a reasonable price versus an unmet public need. The current operational structure combines the best of approaches with management remaining within Lee County while services that benefit from economies of scale be provided by outsourcing the function.

FINDING

Lee County, like all local governments in North Carolina, is required to develop a ten-year comprehensive solid waste management plan to be updated every three years. The *Solid Waste Management Plan (June 2009 – June 1019)* set waste reduction goals for the planning area of 10 percent by June 20, 2013 and 15 percent by June 20, 2016 based on the trends at the time the plan was developed. Although the Solid Waste Division reduced tons of waste per capital by 25 percent since the baseline year, the most recent update indicated that Lee County may fail to meet its goal by June 2013 due to economic conditions and other factors. The report estimates that total waste generation is at 1.19 tons per capita or a 2.5 percent increase over the 1.16 tons baseline (1991-1992). However, the 2009-10 estimates show .87 tons per capita or a decrease of .29 tons per capita representing a 25 percent increase.

Some of the actions used to accomplish this reduction include:

- using of more waste prevention and source reduction;
- diverting greater amounts of organics from waste stream;
- ensuring that only permitted County residents utilize the convenience centers;
- increasing public awareness of recycling; and
- managing of waste by category.

Of the actions taken, the Solid Waste Division could reduce current waste levels by implementing social media methods. These are referred to in the most recent plan, but have not yet been implemented due to a lack of available resources.

The Pew Research Center reports that the number of adult Americans participating in online social networks has more than quadrupled since 2005—to 35 percent of adult Internet users. Older citizens are now the fastest growing group of social network users with more than 75 percent of adults between the ages of 18 and 24 participate in social media. According to e-NC Authority, more than 82 percent of households in North Carolina had access to high-speed Internet access in 2009. Clearly, the future of public communication resides with the Internet.

RECOMMENDATION

Recommendation 10-1:

Develop and implement a social media campaign for solid waste reduction.

The Solid Waste Division should develop a social media plan that leverages the current collateral materials and programs. Each of the major social media sources should be joined and content provided on a regular basis as shown in **Exhibit 10-5**.

Exhibit 10-5
Use of Social Media for Solid Waste Reduction

facebook	Visit and "Like" our Facebook fan page, tag and submit photos, write on our wall, network with industry leaders and most importantly share with your friends!
twitter	Read tweets from the Solid Waste Division about programs, status of convenience centers, and County goals.
WordPress	Develop a blog with helpful hints on waste reduction and reuse as well as on posts.
LinkedIn	Develop a LinkedIn profile to discuss accomplishments and link to other entities locally and nationwide.
YouTube	Develop short how-to videos dealing with waste safety, procedures, preparation, and disposal.
Greenopolis	Join Greenopolis.com have community members follow local activities.

Source: Created by Evergreen, Solutions, 2012.

FISCAL IMPACT

There is no direct fiscal impact associated with the initial stages of this recommendation. However, it will be necessary to bring in an intern or volunteer resource to assist with the creation and transition. In the long term, this effort should reduce overall costs.

FINDING

Safety is paramount in public works occupations. The hazards of working around heavy equipment and moving traffic are well-documented. Few incidents have occurred in the past and Lee County is committed to safety in its operations. Staff at all levels emphasize the importance of safety on the job. Moreover, the *Lee County Solid Waste Employee's Manual* emphasizes

safety throughout as well as including a specific section on safety (Section II). The subsection on employee responsibilities (II.A) summarizes the County's emphasis on safety by stating:

> *Employees are required, as a condition of employment, to exercise care in the course of their work to prevent injuries to themselves, co-workers, and the general public.*

COMMENDATION

The Lee County Solid Waste Division is commended for its safety record.

10.3 STAFFING AND DEVELOPMENT

Well-trained, productive, and engaged employees are vital to successful operations.

FINDING

Operating procedures are critical in a waste management operation, but rarely more than a few policies and helpful advice from supervisors and coworkers are provided to new employees. The Solid Waste Division has addressed this need by developing a detailed employee manual, *Lee County Solid Waste Employee's Manual*.

The manual includes:

- general policies and procedures;
- safety policies and procedures;
- convenience center operators;
- sanitation equipment operators; and
- Lee County resource management facility.

In addition, seven appendices are included that summarize the helpful contact and location information, general reference material, forms, chain of command, ordinances, idle reduction policy, and smoking ordinance.

COMMENDATION

The Solid Waste Division is commended for the development and utilization of a specialized Employee Handbook.

10.4 OPERATIONS

Most of the nation's solid waste disposal facilities and processes are out of the public view, yet critical to community sustainability. Consistent planning, operational efficiencies, and strong maintenance programs are critical for the long-term viability of these resources.

FINDING

Customer satisfaction is a critical element of public service effectiveness. The Solid Waste Division has a strong link to the community given the number of customers served and the amount of interaction. In order to assess customer satisfaction with the convenience centers, the Division has an open survey online through the County website: *Lee County Convenience Center Survey*.

The survey asks about:

- rating(s) on customer service, site cleanliness, convenience of use, knowledge of staff, courtesy of staff, and value of service;
- helpfulness of signs;
- participation in recycling; and
- provides opportunities for additional comments.

The results to date are included in **Exhibit 10-6**. The results are overwhelmingly positive based on combining above average and excellent scores. Wilson Road and Colon Road possess the highest average percentage of satisfaction at approximately 80 percent. Landfill Road, with the smallest number of respondents, also has the lowest satisfaction at approximately 70 percent. Not surprisingly, the value of service is the lowest scoring category at approximately 57 percent.

Exhibit 10-6
Summary of Lee County Convenience Center Survey Results

	Carbonton Rd		Colon Rd		Landfill Rd		Rocky Fork Church Rd		Wilson Rd		Woodlands Trails		Unknown	
Area	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Customer Service	68	76%	70	86%	23	74%	78	80%	117	85%	62	78%	10	77%
Site Cleanliness	71	80%	65	80%	23	74%	77	79%	106	77%	57	71%	10	77%
Convenience of Use	73	82%	71	88%	22	71%	81	83%	116	84%	68	85%	10	77%
Knowledge of Staff	65	73%	71	88%	19	61%	76	78%	111	80%	55	69%	9	69%
Courtesy of Staff	68	76%	67	83%	25	81%	77	79%	122	88%	65	81%	10	77%
Value of Service	52	58%	48	59%	16	52%	52	53%	89	64%	46	58%	7	54%
Responses	89		81		31		98		138		80		13	

Source: Lee County Records, December 2011.

Although the current approach provides a basic indication of customer satisfaction and satisfaction appears to be high, it is important that the Division use more structure in data collection and analysis.

RECOMMENDATION

Recommendation 10-2:

Implement a structured, customer feedback system for the Solid Waste Division to evaluate the nature and quality of its services on a regular basis.

The current survey is well-written and covers the major elements of interest to the public. However, since the survey is open all of the time, it would benefit the Division if it, closed the survey annually, reset the collection database, and prepared a report of the last year's findings. In addition, once a year the Solid Waste Division should consider additional questions, especially related to waste reduction efforts and recycling that might help tailor communication to the public more effectively.

FISCAL IMPACT

The survey can be developed and deployed with current resources.

FINDING

The Solid Waste Division has received a number of grants on a fairly consistent basis to assist with improving operations or piloting new programs. These are shown in **Exhibit 10-7**.

Exhibit 10-7
Grants Obtained by the Solid Waste Division
2003-2011

Year	Grant	Amount
2003	White Goods Management Account Grant	$83,469.55
2004	Community Waste Reduction and Recycling Grant	$21,275.00
2005	Community Waste Reduction and Recycling Grant	$10,000.00
2009	Community Waste Reduction and Recycling Grant	$9,000.00
2010	Community Waste Reduction and Recycling Grant	$6,200.00
2010	White Goods Management Account Grant	$181,466.00
2011	Community Waste Reduction and Recycling Grant	$5,167.00

The Community Waste Reduction and Recycling grants are part of a state program to assist local governments in expanding, improving and implementing waste reduction and recycling. The Division of Environmental Assistance and Outreach (DEAO) administers the Community Waste Reduction and Recycling Grant Program through the Solid Waste Management Trust Fund. Lee County used the funds to purchase recycling containers and promotional materials to increase participation in the County recycling program with one exception. The 2005 Community Waste Reduction and Recycling Grant assisted with implementing reclamation of construction and demolition waste project.

COMMENDATION

The Solid Waste Division is commended for its successful pursuit of state grants.

RECOMMENDATION

Recommendation 10-3:

Continue to seek federal or state grant funds to grow available funds.

Solid waste operations must continually look for cost savings and new resources in order to improve service delivery. Considering the tremendous cost associated with changing public behavior in order to reduce waste, the Solid Waste Division should continue to seek state, federal, and non-profit grant opportunities.

Given the presence of best practices in Lee County, at some point in the future the County should consider assisting the Solid Waste Division in responding to grants to increase the volume of application.

FISCAL IMPACT

This recommendation is cost neutral if implemented with current resources.

10.5 REVENUE MANAGEMENT

The scarcity of resources coupled with the plethora of needs due to age and growth of infrastructure places considerable pressure on the revenue generation and management functions of a water utility.

FINDING

Although the Solid Waste Division covered its expenses this year, it is not projecting a net excess in the next several years. Given rising costs and the age of its current equipment, additional revenues will be helpful. With this in mind, Lee County needs to set rates based on market price, quality of service, and future service demand.

Exhibit 10-3 illustrates that the County falls in the middle of its peer group on annual rates. Although the peer counties vary in service offerings and concentration of urbanization, Lee County is an innovative and customer-focused service provider. An increase of $5 (6.25 percent) per year would ensure a net excess in the next two years and provide some additional capital for future needs.

RECOMMENDATION

Recommendation 10-4:

Increase the annual solid waste fee by $5 in Lee County.

The rate comparison with peers indicates that Lee County is in the middle of its peers on solid waste assessments. An increase of $5 per year would raise approximately $55,827 based on 10,142 users in the unincorporated areas and 2,047 users with contracted services. The findings from the customer survey indicate that 57 percent of respondents feel that the current service is a good value. It is likely that the extra assessment will decrease this number in the short term. However, the ability to update hauling trucks and other equipment as well as potentially increasing the Division's public awareness efforts should offset the initial drop in satisfaction.

FISCAL IMPACT

The additional $5 per year would raise approximately $55,827 per year. It is important to note that these additional dollars will not be available to cover expenditures outside of the Solid Waste Enterprise Fund.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Increase Solid Waste Rates	$55,827	$55,827	$55,827	$55,827	$55,827

CHAPTER 11:
TAX ADMINISTRATION

11.0 TAX ADMINISTRATION

In North Carolina, property tax is regulated by statutory requirements. Property taxes in the State are referred to as "ad valorem," a Latin term meaning "according to value". Thus, the tax burden assessed to each property owner is based upon the "true value" or "market value" of his or her property. "Market value" is further defined as "the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under compulsion to buy or sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used". This is generally referred to as "an arms-length transaction".

The mandated tasks of the tax department in each of North Carolina's 100 counties are to accurately determine the market value of all taxable property within the respective county of each, then bill (assess) each property owner utilizing the tax rate set yearly by each Board of County Commissioners. Finally, the county tax department is charged with the responsibility of utilizing all legal means to collect as near 100 percent of assessments as possible, thus helping to insure fairness and equity to its citizens in sharing the tax burden. This is especially critical since the property tax represents by far the largest source of revenue available to a county.

The laws by which all North Carolina counties appraise, assess, and collect property taxes are recorded in Chapter 105 of the General Statutes of North Carolina. This chapter is called the "Machinery Act", being the "machinery" by which property taxes are governed in the State. The Machinery Act is updated annually as new legislation is adopted by the North Carolina General Assembly. It is the responsibility of each county to be aware of and adhere to established mandates as well as newly passed legislation as it becomes effective. The Property Tax Division of the North Carolina Department of Revenue and the School of Government at the University of North Carolina in Chapel Hill are available to offer assistance to counties when statutes appear vague or open to interpretation.

Successfully carrying out the mandates, as recorded in the Machinery Act, is a complex and sometimes daunting task. A prerequisite for success is for county government to have in place a tax department staffed with skilled, knowledgeable, and dedicated leaders who, likewise, employ competent and well-trained subordinates. Especially important is developing a staff with strong customer service skills since, for many citizens, the only direct contact they experience with county government is when they visit the tax office to list or pay their taxes each year. The manner in which they are treated, the demeanor of the staff person assisting them, and the efficiency of the service they receive, can combine to, in that citizen's mind, be reflective of the entire county government. Staff must always be conscious of the fact that in every instance of public contact they truly are representing the county. For these reasons, a section of this chapter will be devoted exclusively to customer service.

Even assuming a well-trained and dedicated staff is in place, realistically the tax office can only be effective as the tools it is given to allow it to perform at a high level. This chapter will recognize and commend operations already in place with regard to organization, office procedures, customer service and others, and also will offer several recommendations aimed to

further enhance the department's effectiveness in these areas. In addition, and very importantly, we will discuss viable and realistic avenues that will result in increased revenue for Lee County.

Exhibit 11-1 shows Lee County revenue sources; **Exhibit 11-2** follows with a 2011-12 tax rates between Lee County and peer counties.

Exhibit 11-1
Lee County Revenue Sources
Year Ending June 30, 2010

Source	Revenue Amount	Percent
Property Taxes	**$36,316,081**	**42.84**
Other Taxes	$ 2,770,838	3.27
Sales Tax	$ 7,428,181	8.76
Sales & Services	$ 3,189,475	3.76
Inter-governmental	$11,380,983	13.43
Debt Proceeds	$22,678,064	26.75
Other Misc	$ 1,005,811	1.19
TOTALS	**$84,769,433**	**100.00**

Source: NC Department of Revenue, December 2011.

Exhibit 11-2
Lee County Government
Tax Rate Comparison with Peer Counties (per $100 value)
2011-12

County	2011-12 Property Tax Rate
Rutherford	$0.530
Surry	$0.582
Chatham	$0.622
Stanley	$0.670
Harnett	$0.725
Lee	**$0.750**
Granville	$0.795
Franklin	$0.873
Average	**$0.693**

Source: North Carolina Department of Revenue, December 2011.

This chapter reviews Tax Administration in the following seven sections:

11.1 Organization and Management
11.2 Business Processes and Policies
11.3 Staffing/Staff Development
11.4 Outsourcing
11.5 Customer Service
11.6 Technology/Software Systems
11.7 Statistical Data/Intergovernmental Agreements

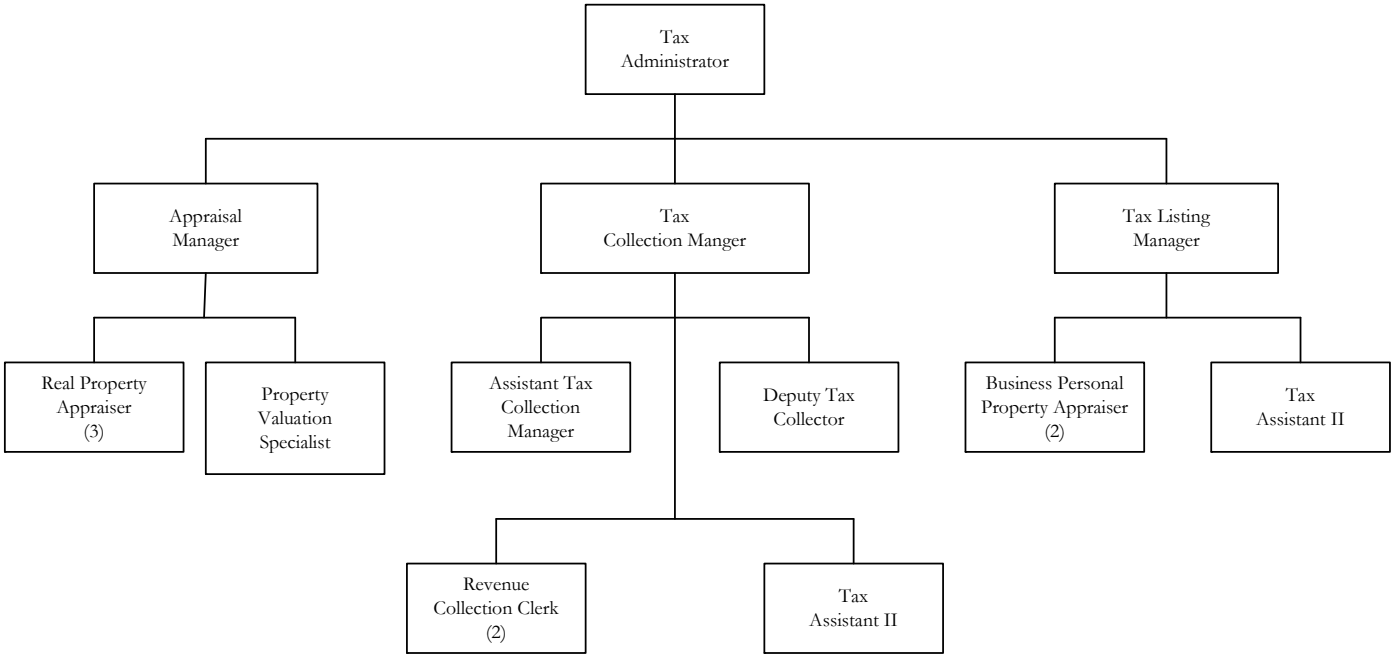
11.1 ORGANIZATION AND MANAGEMENT

The Lee County Tax Department operates under the leadership of a Tax Administrator who reports directly to the County Manager. There are currently 16 full-time budgeted positions within the department, with the following position titles:

- Tax Administrator (also serves as appointed Assessor & Tax Collector)
- Appraisal Manager
- Real Property Appraisers (3)
- Property Valuation Specialist
- Tax Collection Manager
- Assistant Tax Collection Manager
- Deputy Tax Collector
- Revenue Collection Clerks (2)
- Tax Assistant IIs (2)
- Tax Listing Manager
- Business Personal Property Appraisers (2)

The organizational chart for the Lee County Tax Department is shown in **Exhibit 11-3**.

Exhibit 11-3
Lee County Tax Administration
Organizational Chart



Source: Lee County Government, December 2011.

It is important to have an understanding of the flexibility afforded to counties by the Machinery Act with regard to appointment of the Assessor and Tax Collector. NCGS 105-294 mandates that the Board of Commissioners of each county appoint a County Assessor to serve a term of not less than two nor more than four years. Likewise, NCGS 105-349 instructs the governing body to appoint a Tax Collector for a term to be determined by that governing body (Board of Commissioners). In both instances, there is nothing statutorily that prevents the governing body from reappointing the same individual to successive terms, nor that the same individual may hold both offices simultaneously.

Interestingly, although approximately two thirds of the state's 100 counties currently employ a Tax Administrator or Revenue Director to oversee the entire property tax operation, such a position is not mentioned in the general statutes. In a large majority of counties where the Tax Administrator form of leadership is employed, the same individual also serves as the appointed Assessor or Collector, or both. This majority of counties, including Lee County, have deemed it prudent and effective to have a unifying administrative position to coordinate the mandated obligations of these closely interdependent functions. Counties have found that this central position of leadership helps to mesh the workings of the two offices into a more cohesive unit and reinforces the inherent inter-connectivity of the two functions. Resources can more efficiently be allocated and shared, and can better promote a sense of one team working towards a common goal.

FINDING

The Lee County Tax Department is organized under the leadership of a Tax Administrator, who currently also serves as the appointed Assessor and Tax Collector. As stated above, this combining of offices is quite common, especially in smaller counties where staffing is compact and job responsibilities often overlap.

Both the assessing and collections functions are physically located together on the third floor of the Lee County Government Center, making these two areas of responsibility even more conducive for a central point of leadership. Staff members in both areas appear to have a good understanding of the functions of the entire department, allowing for flexibility in assigning responsibilities as needs arise as well as offering opportunities for cross-training.

COMMENDATION

Lee County Government is commended for recognizing the advantages of establishing a Tax Administrator's position to oversee the entire property tax operation.

FINDING

Through effective and innovative leadership, efficient utilization of a well-trained staff, and maximum use of tools currently in place, the Lee County Tax Department has steadily increased its overall tax collection rate from 96.34 percent in 2005 to 97.66 percent in 2011. This increase is detailed in **Exhibit 11-4**. This steady improvement is especially impressive when considering the continuing slow economy and high unemployment rates being experienced.

Exhibit 11-4
Lee County Tax Department
Overall Tax Collection Rates
2005-2011

Year	Collection Rate
2011	97.66%
2010	97.56%
2009	97.64%
2008	96.92%
2007	96.84%
2006	96.74%
2005	96.34%

Source: Lee County Government, December 2011.

Equally impressive is the 2010 Lee County overall collection rate when compared with peer counties as shown in **Exhibit 11-5** (Note: 2010 is the most recent year that statewide totals are available). In addition, Lee County surpassed the statewide average collection rate of 97.17 percent for its 100 counties.

Exhibit 11-5
Lee County Tax Department
Tax Collection Rate Comparison with Peer Counties
2010

County	2010 Collection Rate
Surry	97.77%
Chatham	97.58%
Lee	**97.56%**
Harnett	97.49%
Franklin	96.62%
Granville	96.22%
Stanley	95.89%
Rutherford	93.80%
State	**97.17%**

Source: NC Department of Revenue, December 2011.

COMMENDATION

The Lee County Tax Department is commended for the steady increase in its overall tax collection rate since 2005, and also for its high standing among peer counties for 2009-10.

11.2 BUSINESS PROCESSES AND POLICIES

Business organizations that have a clear understanding of their responsibilities and have tested policies and procedures in place to accomplish those responsibilities are far more likely to be successful. As discussed earlier, the lawful mandates (responsibilities) of county tax departments in North Carolina are articulated in Chapter 5 of the NC General Statutes, known as the Machinery Act. It is critical that management and staff have a thorough understanding of these responsibilities and have documented and reliable procedures in place to accomplish them.

In addition, successful organizations are those which are progressive and effective in utilizing the most efficient means to accomplish each requirement, without sacrificing quality. In a tax office, it could mean weighing the advantages and disadvantages of performing a certain function in-house or by outsourcing. Outsourcing will be discussed in **Section 11.4** of this chapter.

There are a number of means available that can greatly increase the likelihood of success—among them is requiring a written procedures manual for each job responsibility. A manual helps to protect the institutional knowledge of the office so that as experienced employees leave service, new employees gain the benefit of past employees knowledge and experience. A manual also helps to promote continuity, consistency, and compliance in carrying out mandates. Lastly, a procedures manual can be utilized as a tool for evaluating employees based upon their knowledge and adherence to established policies and procedures.

FINDING

Although written procedures manuals for several responsibilities in the Lee County Tax Department were in place a number of years ago, recently staff has been instructed to update and/or complete comprehensive procedures manuals for all responsibilities. This is critical for a department operating under strict statutory requirements, and is wisely deemed by management to be especially important in a public office under the scrutiny of citizens where an inconsistency in the service provided might be criticized.

During on-site interviews with staff, several impressive completed manuals were made available to review. The format and content of those reviewed indicated that employees understand the important distinction between a “job” or “position” description and a procedures manual. The submitted manuals clearly described steps involved in a business process, as opposed to the responsibilities of the employee, as would be found in a job description.

COMMENDATION

Managers in the Lee County Tax Department are commended for initiating the process to complete written procedures manuals for all business processes in the office.

FINDING

Currently, the Lee County Tax Department does not have the means to scan critical documents (such as individual and business personal property listing forms) which are required by law to be retained at least ten years. These documents require a significant amount of office space to store utilizing metal file cabinets, and present a cumbersome method of locating files as needed and re-filing as time goes by. Since they contain the history of property tax activities, and are the source of data that enables the department to carry out such responsibilities as defending values during appeals and potential litigation, it is imperative that they be safely stored and readily assessable.

Given the importance of tax records, the fragile nature of paper documents, and the space required to store them, it is increasingly common for tax departments to scan documents and maintain electronic filing systems. The advantages are numerous, such as having the capability of e-mailing requested documents as opposed to making copies and mailing them. Electronic (scanned) files can be kept both on-site for desk-top access and off-site to serve as back-up in the event of fire or other disasters. There are vendors available who can scan large amounts of documents in a short period of time, and some who will even store the scanned paper documents at their site, but this service is typically quite expensive. A logical and far less expensive method is to purchase a scanner for the department and accomplish the task in-house over a period of time.

RECOMMENDATION

Recommendation 11-1:

Purchase a scanner with appropriate software, and implement a phased-in scanning program for selected tax records.

Scanners come with a variety of features with prices ranging from $200 to $1,500. One with the capacity and software to accomplish the task at hand should be available for $600 to $900. Typically, management would initiate a continuing program to scan selected documents (such as business personal property listings, individual listing forms, etc.). Appropriate staff can perform this function during less demanding times during the yearly cycle, beginning with the most recent files.

FISCAL IMPACT

A quality, high- volume scanner with appropriate software to suit the needs as described can be purchased for approximately $750.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Purchase a Scanner for the Tax Department	($750)	$0	$0	$0	$0

FINDING

Legislation was passed by the North Carolina General Assembly in 2002 that allows counties to recover delinquent property taxes by offsetting debtor North Carolina state income tax refunds and Education Lottery winnings. This is commonly referred to as “debt setoff”, and is administered by the North Carolina Local Government Debt Setoff Clearinghouse. The only requirements are that the account be a minimum of $50 and be delinquent for at least 60 days. Since the debtor pays all the fees, the only expense to the county is the cost of mailing the required notification notices. Currently, 96 of the state’s 100 counties, including Lee, have participated in the program. Statistical data for all participating counties is shown as in **Section 11.7** of this chapter.

Beginning in 2010, the Lee County Tax Department became aggressive in submitting delinquent accounts for debt setoff recovery. In the current year alone, 398 debts totaling $987,984 have been submitted. Although a portion of these accounts may eventually be collected through other lawful means, much of the debt likely would not. In addition, staff can devote time working other delinquent accounts that otherwise might not be touched.

Exhibit 11-6 displays debt setoff amounts collected to date.

Exhibit 11-6
Lee County Tax Department
Debt Setoff Collections Summary

Year	Amount Collected	Cumulative Amount Collected
2002-2009	$1,705	$1,705
2010	$49,846	$51,551
2011	$81,223	$132,774

Source: NC Local Government Debt Setoff Clearinghouse, December 2011.

COMMENDATION

The Lee County Tax Department is commended for its initiative to become aggressive in submitting delinquent accounts to the North Carolina Local Government Debt Setoff Clearinghouse for recovery.

FINDING

At the request of the City of Sanford, in 1995, the City and Lee County Government entered into an agreement for the County to collect current and delinquent ad valorem municipal taxes and delinquent special assessments for the City of Sanford.

For these services, the City agrees to pay the County one percent of the amount collected, assuming the City's collection rate meets or exceeds the statewide average collection rate, excluding motor vehicles. Depending upon what level the collection rate might fall below the statewide average, the City would pay the County as little as 0.5 percent. During 2010, Lee County collected 99.2 percent of a $10,849,766 levy so was paid just over $107,000 ($10,849,766 x .992 x .01) by the City of Sanford.

Upon investigation, the percentage of collections paid to the County is low when compared with other similar agreements statewide. Only eight (8) counties of 51 that reported that they collect real and personal property assessments for their municipalities receive one percent or less for providing this service. Twenty (20) counties receive 1.5 percent, while another 20 receive 1.75 percent or more. **Exhibit 11-7** offers a summary of all reporting counties with amount of compensation paid by their municipalities.

Exhibit 11-7
Amounts Paid To County for Billing/Collection of Municipal Ad Valorem Property Taxes [a, b]

County	Amount Paid
Alamance	2%
Brunswick	1.5%
Buncombe	2%(a)
Burke	1.5%
Cabarrus	1.5%
Caswell	3.0%
Catawba	$3.64 per bill
Chatham	2/10%
Clay	2%
Cleveland	2%
Craven	1%
Cumberland	1.5%
Dare	1.5%
Davidson	$5.25 per bill
Davie	$5.00 per bill
Durham	1%
Forsyth	1%
Franklin	1.5%
Gaston	no charge
Guilford	1%
Halifax	2%
Harnett	1.5%
Iredell	1.5%
Jackson	1.5%
Johnston	2%(b)
Lenoir	1.5%
Lincoln	3%
Macon	1.5%
Mecklenburg	$2.00 per bill
Moore	2% to 4%
Nash	2%
New Hanover	1.75%
North Hampton	3%
Onslow	1.5%
Orange	.5%
Pamlico	2.0%
Person	1.5%
Pitt	1.5%
Randolph	1.25%
Robeson	1.5%
Rockingham	$2.00 per parcel
Rowan	2%
Rutherford	$2.25 per assessment
Sampson	1.5%
Stanley	1.5%
Stokes	1%
Surry	1.5%
Warren	1.5%
Watauga	1.5%
Wayne	1.75%
Wilson	1.5%

Source: Lee County Government, December 2011.

[a] 2 percent for all municipalities except Asheville, which is 1.5 percent
[b] Existing agreements 1.5 percent, new agreements 2.0 percent

While North Carolina counties typically do not intend to profit from providing this service, they would normally expect to be reimbursed for their expenses. Determining those expenses, since the service is integrated with the County's own billing and collection function, can be difficult. It is expected, however, that counties attempt to arrive at a reasonable amount fair to both parties. A variety of formulas might be applied, but perhaps the most fair and logical method is to consider approximately how much it would cost the municipality to bill and collect for themselves, and then the County be compensated a reasonably lesser amount that is still advantageous to both parties.

When one applies this scenario, it becomes quickly evident that even those counties who receive compensation at the higher percentages (1.75% or more) are providing the service to their municipalities at an extremely reasonable rate. Even though some billing and collections staff may already be in place, funding salary and benefits for additional staff to collect payments and work delinquent accounts, acquiring and maintaining software for a comprehensive billing and collection system, and outsourcing preparation and mailing of tax bills each year are but several of the requirements the City would have to have in place. Others include providing office space; work stations; computers, scanners, and other tools for staff; and budgeting for increasing postage rates for mass mailings.

A comprehensive study would have to be completed that considered elements the City of Sanford might already have in place, such as currently unused office space for additional staff, but even envisioning a conservative projection, the cost for the City to bill and collect its own property taxes would very likely be in excess of an average of $300,000 annually. Salary and benefits for just four additional staff members would alone account for approximately 50 percent of the amount, while initial costs for installing a billing and collection system would normally exceed $300,000, with ongoing costs for maintenance and upgrading. Therefore, compensation to Lee County Government for providing this service to the City of Sanford in the $150,000 to $200,000 range annually would appear to be fair and advantageous to the interests of both parties.

As stated earlier, Lee County's current agreement with the City of Sanford stipulates that in order to be compensated at the highest rate (1%), the County must have a collection rate that meets or exceeds the statewide average. Otherwise, depending upon how far the collection rate falls below that average, the County would receive as little as 0.5 percent. In addition to being a highly unusual stipulation, this requirement would appear to be unfair to the County since the cost to bill and collect is the same to the County, regardless of the collection rate. In addition , and very importantly, the City benefits equally from the County's efforts to collect its own delinquent accounts, so it seems unreasonable to penalize the County if, for whatever reason, they should experience a year where they fall below the statewide average. It must be understood that, if such a situation occurs, the County is suffering the same proportional loss of revenue as the City. And since the current interlocal agreement calls for Lee County to "use all legal means to collect the ad valorem property taxes on behalf of the Municipality and that "these taxes shall be treated in the same manner as taxes of the County", then what reasonable expectation should the City have, other than that the County will be as diligent in collecting the City's taxes as its own.

RECOMMENDATION

Recommendation 11-2:

Amend the Lee County Government's Interlocal Agreement with the City of Sanford for the billing and collection of ad valorem property taxes:

- **Effective 7/1/2012, increase the amount to be paid to Lee County to 1.5 percent of funds collected.**
- **Effective 7/1/2013, increase the amount to be paid to Lee County to 1.75 percent of funds collected.**
- **Delete any reference to reductions in the amount paid to the County based upon comparisons with statewide average collection rates or other criteria.**
- **Insert a statement stating that Lee County will review the fee at least once every three years and notify the City of Sanford of any changes no later than December 1 prior to the July 1 effective date.**

The outdated Interlocal Agreement (dated May 22, 2001) stipulated that the County "review the fee annually and notify the municipality of any increases/decreases by December 1st prior to the July 1st effective date". However, this statement (part of Paragraph 2) was deleted in its entirety in the Modification Agreement dated May 6th, 2006. Prudence dictates that this statement or a similar one be a part of the agreement, as noted in the recommendation above. Since it currently is not, however, the recommendation to initiate the first increase effective July 1, 2012 stands, even though the December 1st date has passed.

FISCAL IMPACT

The projection assumes a modest 1 percent annual growth rate from the 2010-11 tax levy, a continuing tax rate of $.54 per $100 valuation, and a yearly collection rate (less motor vehicles) of 99.2 percent. Accordingly, calculations to determine the increase in revenue (over and above the approximate amount received in 2010-11 of $107,000) to Lee County by increasing the fee charged the City of Sanford from 1 percent to 1.5 percent for 2011-12 are $10,849,766 [2010-11 levy) x 1.01 percent (increase in levy) x .0054 (tax rate) x .992 (collection rate) x 1.005 (increase of .5 percent paid to County) = $58,995.]

Per the recommendation, in subsequent years the same formula is used, with the exceptions of an increased levy (1 percent annually) and the increase to 1.75 percent paid to the County. Should Lee County, upon scheduled review, determine that a higher percent is warranted, the net increase in revenue to the County would increase further for the years affected.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Increase Fee to City of Sanford for Billing and Collecting Taxes	$58,995	$59,733	$60,330	$60,933	$61,543

11.3 STAFFING / STAFF DEVELOPMENT

As stated earlier in this chapter, there are 16 full-time budgeted positions within the Lee County Tax Department. In a compact office such as this operating under a strict budget, where any one of the many varied responsibilities may typically be assigned to only one or several staff members, management has at times struggled to allot adequate time and/or funding to provide cross-training and career growth opportunities. Cross-training is especially essential in this environment so as to assure responsibilities are met during staff turnover or during employee absences due to sickness, vacations, or other reasons. Likewise, providing career growth opportunities is very critical in maintaining a well-trained competent staff working in an environment where morale is high and employees feel they are important to the success of the Tax Department.

In reality, a successful cross-training program is a major component of staff development. Participating staff can benefit in many ways, including:

- allows employees to learn new skills, making them candidates for promotion;
- makes employees more valuable to the organization, thereby more likely for increased compensation;
- change in routine can combat boredom;
- keeps staff stimulated; and
- demonstrates that the organization cares about the growth potential of its employees.

Benefits to the organization can be enormous, and include but are not limited to:

- providing more flexibility in managing workforce;
- helping reduce recruiting costs by identifying and developing internally qualified candidates for promotion;
- improving employee morale;
- reducing turnover; and
- increasing productivity.

The Lee County Tax Department is encouraged to continue to search creatively for opportunities to cross-train staff while being selective in whom to include. Some individuals like to learn new things, while others are more comfortable with what they already know and maintaining the status quo. It is important to identify who is truly interested in participating, since forcing someone to participate is likely to be counterproductive. In addition, care must be taken to assure that involved employees feel that their efforts are being recognized by management in a tangible manner.

Funding career growth opportunities by sending appropriate staff to seminars, conferences, and workshops aimed to enhance job skills has become, due to budget constraints, limited to those who must attend continuing education classes in order to maintain a state certification for their position. This is despite the fact that the Ad Valorem Tax Division of the NC Department of Revenue, realizing the current financial bind most counties find themselves in has made a conscious effort to streamline various educational classes and events to make them more affordable. Considering the many positive benefits of attending conferences and workshops that enable staff to enhance job skills and network with peers across the state, management is encouraged to put a high priority on providing these opportunities for appropriate staff. Seeking low cost workshops and allowing vendors to present demonstrations of their products to user employees can be inexpensive means for staff to gain knowledge.

In this section on staffing, a discussion with regard to the end result of efforts the Tax Department undertakes, which is to collect as near 100 percent of all assessments levied to enable Lee County Government to provide services to its citizens, is warranted. Calculations will be shown to demonstrate the importance of this belief.

As shown in **Exhibit 11-8**, since the 2007-08 fiscal year, the Lee County Tax Department has collected an average of approximately 84 percent of the year's levy at the time assessments become delinquent at the close of business on January 5, leaving an average of over $5.5 million dollars unpaid. At that time, trained employees begin to work the unpaid accounts, often times employing the several means of forced collection allowed by the General Statutes of North Carolina. These lawful means include debt setoff, wage garnishments, bank account attachments, and property foreclosures.

Exhibit 11-8
Lee County Yearly Tax Collection Rate
at Close of January 5*

Year	Collection Rate At Close of January 5	Levy Amount	Amount Collected	Amount Delinquent
2010-11	79.52%	$35,426,098	$28,169,445	$7,256,653
2009-10	85.58%	$34,990,790	$29,945,930	$5,044,860
2008-09	87.90%	$34,735,751	$30,533,457	$4,202,294
2007-08	83.36%	$33,520,353	$27,941,411	$5,578,942

Source: Lee County Tax Department, December 2011.

*date when levy becomes delinquent

As was shown in **Exhibit 11-4,** by the end of each fiscal year on June 30th, staff has been able to steadily increase the amount of those delinquent accounts collected. However, at that point in time, in excess of $800,000 remains uncollected each year. The priority given to, and the ultimate success at utilizing all lawful means to collect delinquent accounts, are crucial to the financial health of any county.

FINDING

Currently, six staff members are able to devote time working delinquent accounts along with their other responsibilities. Several of these employees are only able to devote 5 percent of their work time, while one spends approximately 85 percent. With current staff, the combined total

manpower the department is able to devote to working delinquent accounts is equivalent to two full-time staff members. Despite wise utilization of staff by management, there remain scores of accounts that are never worked thoroughly or at all, keeping in mind that after ten years, delinquent accounts are no longer collectable by state law.

As detailed in **Exhibit 11-9**, at the end of November 2011, Lee County had $1,580,906 of delinquent tax dollars still within the ten-year threshold that can still be collected. The exhibit does not include outstanding receipts for the current tax year, since at the time of this writing, the unpaid 2011-12 levy is not yet delinquent, nor does it consider revenue lost due to the limited staff's inability to conduct internal audits on a significant portion of smaller business personal property accounts. While existing employees do an admirable job considering the limited time they are able to devote to these efforts, adding another full-time position to only work delinquent accounts and perform internal audits would significantly more than pay for itself, thereby generating considerable additional revenue for Lee County.

Exhibit 11-9
Outstanding Tax Levy by Year in Lee County
as of 11/30/11

Fiscal Year	Outstanding Levy
2010-11	$410,408.80
2009-10	$365,343.85
2008-09	$135,952.63
2007-08	$121,894.88
2006-07	$108,768.32
2005-06	$101,495.66
2004-05	$77,032.25
2003-04	$84,720.20
2002-03	$85,556.05
2001-02	$89,733.47
Total	**$1,580,906.11**

Source: Lee County Tax Administration, December 2011.

RECOMMENDATION

Recommendation 11-3:

Hire a full-time staff person to exclusively work accounts for the $1.5 million delinquent tax dollars currently owed to Lee County.

Even though this recommendation does not mention utilizing this person to perform internal business personal property audits, the implication is that through thoughtful and efficient use of staff resources by adding a new person, management will be able to allow appropriate staff to spend more time performing internal audits. By providing resources to collect as near 100 percent of the outstanding property tax levy as possible not only helps ensure that the County's budget obligations are met, but very importantly helps to distribute the tax burden fairly and equitably among Lee County citizens.

FISCAL IMPACT

An approximation of the net financial benefit to Lee County by implementing thus recommendation can be presented by inserting an array of percentage and dollar amounts. For purposes of this discussion, decidedly conservative calculations will be used and should realistically be considered the minimum benefit to be realized.

- First, only increased collections for the most recently completed fiscal year (2010-11) will be considered, understanding that many, though typically a lesser amount, of tax dollars from prior years will also be collected.

- Second, only a .5 percent increase in collections for the 2010-11 levy is projected, keeping in mind that the effort devoted to working delinquent accounts increases by 50 percent.

- Third, no consideration is given for revenue realized by increasing the number of internal business personal property audits.

By the end of the 2010-11 fiscal year, 97.66 percent (or $34,597,127) of a $35,426,098 levy had been collected ($35,426,098 x .9766 = $34,597,127). If, by adding another delinquent collector to staff, another .5 percent (97.66 + .50 = 98.16) had been paid, then a total of $34,774,257 would have been collected ($35,426,098 x .9816 = $34,774,257), increasing revenue to the County by $177,130. Subtracting the approximate salary and benefits of a full-time Tax Assistant II ($27,500 x 1.33 = $36,575), the net gain to Lee County is $140,555 ($177,130 - $36,575). As stated, this estimated cost savings is conservative.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Hire One Full-Time Staff Person for Delinquent Accounts	$140,555	$140,555	$140,555	$140,555	$140,555

11.4 OUTSOURCING

Outsourcing is frequently used by agencies in today's business world. Private business and government agencies alike have discovered the many advantages of outsourcing selected components of their operations. Some of those advantages are:

- **Cost Savings:** Functions that are very complicated or technical in nature and would require a large expense to hire trained and competent staff in-house to perform them are candidates for outsourcing. In most instances, an outsourcing company which specializes in performing a particular function and deals in volume can offer the service to the client at less cost than the business or jurisdiction can do it themselves.

- **Access to a Larger Pool of Workers:** Outsourcing companies typically have a much larger pool of trained workers performing the same function than a private business or

government office. This can be very beneficial when a large volume of work needs to be completed in a short period of time.

- **Ability to Focus on Core Activities:** As government agencies become larger due to population growth, the increased demand to provide expanded government services can consume human, financial, and technical resources to the point that core activities (such as providing exceptional customer service and maintaining accurate and accessible records) may suffer. Utilizing an outsourcing company to perform functions that are time consuming or cumbersome can allow staff to refocus on those business activities which are important without sacrificing quality or service.

- **Access to Better Technology at Lower Cost:** Technology is changing rapidly and it is very expensive to keep up with the latest advances. Instead of investing the considerable financial resources to continuously upgrade equipment and train staff, it might make more sense to have access to the technology from a company that has already made the investment.

- **Increased Staffing Flexibility:** Outsourcing can allow operations that have seasonal or cyclical demands, such as a county tax department, to bring in additional resources through outsourcing when needed and release them at other times.

- **Internal Staff Development:** When there are needs that require skills that staff does not possess, on-site outsourcing of the activity will bring in people with the proper skills to work alongside in-house staff to learn the new skill set.

- **Continuity and Risk Management:** If a period of high employee turnover occurs it will most likely add uncertainty and inconsistency to the operation. Outsourcing can be valuable in providing a level of continuity to the office while reducing the risk that a substandard level of operation would bring.

- **Increased Productivity:** When an office outsources a portion of its activities, it leaves fewer activities for in-house staff to accomplish. Rather than being generalists who try to juggle too many conflicting tasks at once, each person has a better opportunity to become an efficient specialist. When workers are able to focus on a limited number of tasks, they will normally become more efficient and not distracted by having copious new demands put on them.

There can also be disadvantages to outsourcing, so each instance of potentially outsourcing a function within the office must be carefully researched and evaluated. Several potential pitfalls include:

- **Hidden Costs:** An attorney should always review the contract before signing. This will be the outsourcing company's contract and it is their business; therefore, the client, should be certain it does not contain wording that could be used against them in the long run.

- **Loss of Managerial Control:** Regardless of what the contract says, when it is signed, the client is essentially turning the management and control of that function to the outsourcing company. That company may or may not be driven by the same standards and mission that drives the client's operation.

- **Threat to Security and Confidentiality:** If confidential information is transferred to the outsourcing company, there can be a risk that the information might be compromised. Ideally, the outsourcing company is bound by the same laws of confidentiality that the client's office is, but nevertheless, the outsourcing company should be carefully evaluated and a confidentiality clause should be included in the contract.

- **Potential Bad Publicity:** The word 'outsourcing' can have a negative connotation to some people, who may see it as sending jobs out of the immediate area. Care should be taken to assure that an outsourcing agreement can be justified.

The Lee County Tax Administration currently uses the services of several companies to perform specific functions within the office. These include a service provided by First Citizens Bank known as 'lockbox,' which is a payment processing system utilized by a growing number of counties in the State. Among the advantages of utilizing a lockbox service are:

- **Better Security:** Generally, lockboxes are protected beyond the usual security measures associated with having a post office box. Also, fewer people touch the transaction, so there is less chance the payment will get lost or go awry.

- **Staff Time Saved:** Instead of the time consuming daily mundane task of manually opening mail, posting payments, preparing deposits and delivering them to the bank, staff can spend the time more productively performing tasks such as working delinquent accounts to increase revenue.

- **Generate More Revenue on Interest Bearing Accounts:** Payments are deposited on the same day received. Lee, like almost all counties, deposit the current day's payments received by mail late in the day and are not credited until the following day.

- **Easy Reconciliation:** Payment data imported through compatible software make the task of posting to the county's system simple, typically taking only a few minutes, even if the list of payments reaches into the hundreds.

- **Provides Backup History:** If the county, due to a major problem with its accounting system software, should lose all or a portion of its data, history reports on lockbox activity can help to restore or reconstruct it.

FINDING

The Lee County Tax Department is currently using the lockbox services of First Citizens Bank to process tax payments made through the US Postal Service. The lockbox is essentially a post office box that First Citizens Bank has established for Lee County and allows taxpayers to remit payments directly to the bank. Bank personnel open, process, and deposit the payment into the

Lee County account immediately, and provide electronic access to daily activity. The Tax Department has realized the advantages of outsourcing this cumbersome daily task, especially with regard to the time saved by staff enabling them to raise production levels performing other necessary functions.

Another major use of outsourcing by the Lee County Tax Department is the services of Tax Management Associates (TMA) which performs audits on business personal accounts. Business personal property is essentially taxable assets owned by a business other than real estate. These would include machinery, office equipment, computers and software, and leasehold improvements. The primary purpose in auditing business personal property accounts is to help ensure the County is assessing these assets fairly and accurately, since many business owners and even accounting firms are not always clear on what assets are taxable and which listing category to place them. Thus, an added benefit, in addition to discovering taxable assets that are unlisted or listed incorrectly is, that during the process, business owners become more knowledgeable and therefore tend to become more accurate at listing their assets in future years.

Hardly any county has the staff resources or expertise to manage its own audit program, although an advantage to outsourcing this necessary function is that, in the process of tax department staff working closely with an outsourcing firm, sufficient knowledge can normally be gained to allow staff to perform at least selected smaller accounts in-house themselves. In fact, the Lee County Tax Department's benchmark is to outsource accounts totaling $50,000 or more in assessed value, while auditing the smaller ones in-house.

COMMENDATION

The Lee County Tax Department is commended for its insight to recognize the advantages of outsourcing mailed tax payments by using the lockbox service offered by First Citizens Bank.

FINDING

The Lee County Tax Department has been aggressive and successful with its business personal property audit program in the past few years. Utilizing the services of an external audit firm since 2007, Lee County has realized over $1.4 million dollars in revenue from discoveries of unlisted and underlisted business personal property. This otherwise lost revenue is detailed in **Exhibit 11-10.** In addition, to help ensure that all businesses with taxable assets in the County are accounted for, the Department has recently authorized Tax Management Associates (TMA), through the company's Discovery Program, to seek out non-listing businesses.

Contractually, Lee County pays TMA 30 percent of discovered tax dollars on the year of discovery only, while the County continues to receive 100 percent of the revenue on the discovered property in subsequent years. In instances where an audit reveals no discovery, the County pays nothing. Lee County also has an intergovernmental agreement with the City of Sanford whereby the City agrees to pay to the County its proportional share of any discovery fees of assets located within the City.

Exhibit 11-10
Lee County Tax Administration
History of Business Personal Property Audit Discoveries
2006-07 through 2011-12

Fiscal Year	Lee County Tax Dollars Discovered	City of Sanford Tax Dollars Discovered	Audit Fees Paid to Vendor
2006-07	$223,267.60	$6,656.58	$64,838.66
2007-08	$58,308.68	$26,606.77	$17,682.55
2008-09	$174,315.41	$71,082.23	$43,953.31
2009-10	$156,900.96	$46,808.05	$43,777.86
2010-11	$828,172.77	$49,361.28	$243,510.67
2011-12 (to date)	$20,250.04	$9,027.11	$3,004.27
Totals	**$1,461,215.46**	**$209,542.02**	**$416,767.32**

Source: Lee County Tax Administration, December 2011.

COMMENDATION

The Lee County Tax Administration is commended for its strategic and continuing business personal property auditing program and for its initiative to secure an intergovernmental agreement with the City of Sanford to share proportionally all auditing fees of discoveries located within the City.

11.5 CUSTOMER SERVICE

Providing exemplary customer service in the public sector, especially in the tax department of a local government, is absolutely critical. Citizens can be demanding at times, but rightfully expect to be treated with respect and to be taken care of efficiently. Paying taxes can be less than pleasant for some, and even a lightning rod for a few, so it is very important for an employee whose primary responsibility is to assess and collect taxes to have an acute understanding of the importance of providing superior customer service. Only one instance of a disgruntled customer who might relate a bad experience to family or friends can result in a serious or even disastrous public relations nightmare for a county.

In reality, strong incentives for employees to provide superior customer service are limited in most offices with regular public contact. For most individuals, the primary benefit of doing so is the positive feeling they experience when a customer leaves satisfied and the pride that comes from performing their job well. Considering this, an observed instance of an employee providing exceptional customer service should be rewarded at the minimum with a positive word from a superior and/or nomination to Lee County's innovative Stars Program which monthly recognizes employees who have demonstrated one of five attitudes (respect, team work, honesty, fairness, or positivity) in their work. Recognizing such instances at department staff meetings can also be an excellent means to not only praise individuals, but instills the expectation that providing exemplary service is a crucial aspect of being successful at whatever an employee's responsibilities are.

A valuable tool to measure and track the level of customer service being provided is to gather feedback from customers. **Exhibit 11-11** provides an example of a form that might be used gauge customer satisfaction. Printed on postcard-sized cards, these forms can be placed at the service counters in the Tax Office with a receptacle box at the exit.

Exhibit 11-11
Lee County Tax Administration
Sample Customer Service Survey Form

CUSTOMER SATISFACTION SURVEY

Lee County Tax Administration

What was your purpose for visiting the Lee County Tax Department today? _____

_____

Were you able to complete/resolve the purpose for your visit? _____

How long was your wait before receiving assistance? _____

Please rate the following categories by noting (1)Excellent (2)Good (3)Fair or (4)Poor

Courtesy and respect exhibited by staff _____

Knowledge and professionalism exhibited by staff _____

Rate overall experience _____

Your comments/suggestions: _____

_____

Please drop completed survey in box at exit. Your response is valuable to us. Thank you.

Source: Created by Evergreen Solutions, December 2011.

FINDING

The Lee County Tax Administration currently does not use customer satisfaction surveys to gather feedback from the public regarding the level of customer service being provided. By offering this avenue for customers to make comments, management is more likely to discover issues that could be addressed to improve services, and also present a means to become aware of instances of employees providing exceptional service.

From comments received and observations noted during the development of this chapter, it can be stated with confidence that the Lee County Tax Department staff does a consistent job in providing a very high level of customer service to its citizens. Striving to maintain and even improve upon that level can be accomplished using tools such as a survey to ascertain public views as to the level of customer service received.

RECOMMENDATION

Recommendation 11-4:

Develop and make available to the public a customer satisfaction survey to solicit feedback and suggestions regarding the level of customer service the department provides.

Offering the public a tangible avenue to relate their experience—whether good or bad—can help identify areas that might be improved upon. In addition, soliciting suggestions and comments from customers sends a message of the importance the Tax Department places upon providing exceptional service.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

Entering the Tax Department directly upon exiting the elevator at the third floor of the Lee County Government Center, the customer service counter is located directly in front of you. From the citizen's perspective, this convenient accessibility to the location required to conduct its business is an important factor that falls under the auspice of customer service. Even if the ultimate purpose of the customer's visit might be to speak to an appraiser, for instance, initial contact at the service counter with an attendant is most efficient in ensuring the customer is accommodated and that prudent office security is initiated from the outset.

The single point of entry, Plexiglas windows at the service counters, strategically placed surveillance cameras, concealed panic buttons for front-line counter staff, and doors requiring a coded card to gain access to worker areas, all combine to provide a high degree of security for the office. Also noted is the arrangement whereby a Law Enforcement Officer accompanies the staff member as he or she makes the daily bank deposit. These security measures are extremely important considering the large amounts of currency handled on a daily basis by the Tax Department.

COMMENDATION

The Lee County Tax Department is commended for the strategic and effective security features employed and for providing an office design that is convenient and efficient for customers.

FINDING

It is often said that a local tax office is the only place where you cannot pay with a credit/debit card. Regardless of how accurate this statement may or may not be, it nevertheless is one of the most frequent complaints heard from citizens. Although through the use of a third-party vendor, Official Payments Corporation, taxpayers currently have the option of paying their property taxes with a credit/debit card online or by telephone, the Lee County Tax Department has been unsuccessful in finding a viable method to accept such payments at the counter.

The primary deterrent is that by accepting credit cards as any retailer would, the County would lawfully have to absorb the transaction fee charged by the credit card company. Few county governments are willing or able to do this, since it would necessitate finding means to recoup the lost revenue, possibly through an increase in the tax rate or cutting of services. So, discounting this option, there are at least two other methods by which the Tax Department could provide this needed service.

As noted earlier, the County currently accepts tax payments by telephone or online utilizing a third-party vendor. The vendor lawfully charges the payer a graduated transaction fee based upon the amount of the payment. The payer is made aware of and agrees to the transaction fee prior to processing the payment.

The first option would be to position a free standing Kiosk in the lobby area reasonably near the service counters, so that when a customer presents a credit/debit card at the counter, they are simply directed to the Kiosk. Prominent signage should also be in place directing those who wish to pay in this manner to the Kiosk. Although this option is the more costly of the two (approximately $7,500 for the Kiosk plus $300 per month service agreement), the vendor typically will set-up and maintain the Kiosk, including applicable software.

The second alternative (and the one recommended by Evergreen) is to position a personal computer with a designated internet connection and a card reader near the service counter, as with the Kiosk option. The cost would be limited to the purchase of a computer and monitor, since the vendor would provide the card reader.

RECOMMENDATION

Recommendation 11-5:

Position a personal computer with a designated Internet connection and a credit card reader near the service counter, thereby offering the convenience of making payments by credit/debit card using the established service.

This recommendation is clearly the most viable and least costly option available considering the current credit card regulations that are in place. Realizing it may not be the perfect solution, and in fact was tried in the past in Lee County but discontinued for several reasons, it remains the most reasonable option that will allow walk-in customers the convenience of paying by credit/debit card, albeit along with a fee due the vendor.

FISCAL IMPACT

An adequate personal computer and monitor suitable for this purpose can typically be purchased for $750 or less.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Purchase Computer to Allow Credit Card Payments	($750)	$0	$0	$0	$0

11.6 TECHNOLOGY/SOFTWARE SYSTEMS

The implementation and utilization of up-to-date technologies and computer applications are absolutely essential for any modern business or agency to be successful and to operate at a high level of efficiency. This is especially true in a government agency such as a tax office charged with the daunting task of generating a bulk of the jurisdiction's revenue by assessing and collecting property taxes levied on every citizen in that jurisdiction who owns taxable property. Utilizing computer systems with the flexibility to be reprogrammed to adapt to continuing legislative changes pertaining to the property tax is key to carrying out these mandates lawfully and effectively. Also, having systems in place still current enough that ongoing support from the vendor is readily available are critical when problems arise, as they always do. Valuable staff time can be lost when problems dictate that a business process be stopped, delayed, or adapted due to a failure in the system. Of course, any system can have issues regardless of its age or the degree of advanced technologies utilized, but it is reasonable to expect that fewer problems will occur with more up-to-date equipment.

In addition to performing invaluable complex functions related to the assessing and collections mandate given the tax department, the use of new technology and computer programs in a government agency is well suited for customer interaction and providing valuable information. Format and content of a department's website is the primary example of this, and can offer a first impression to the user as to the competence and professionalism of the department in general. Easy to navigate sites with useful information can instill a positive feeling about the department, not to mention the convenience of sometimes being able to conduct business without making a trip to the tax office.

FINDING

The Lee County Tax Department has constructed a well-designed website which is easy to navigate and provides a wealth of useful information. Among items that may be found on the site are:

- Tax Department Mission Statement
- Statistical data, such as a history of tax rates, top ten taxpayers in county, etc.
- Property tax calendar
- Downloadable forms and publications
- Answers to frequently asked questions regarding the property tax
- Access to current and historical tax bills
- Access to online business listing
- Link to site allowing payments online
- Links to various governmental sites, such as NC Dept. of Revenue
- Separate webpages for tax administration, listings, collections, and appraisals
- Contact information

The Tax Department has also initiated an innovative feature called "Live Chat" which enables users to "speak" live electronically with a tax department staff member. This can be especially convenient and useful to a citizen who is already visiting the website and thinks of a question to ask. Notwithstanding the positive aspects of this feature, management should monitor usage carefully and have policies in place to assure that employees are not disrupted at inappropriate

times, such as while assisting a customer. In addition, based upon feedback from several staff members, any necessary enhancements to the County's system should be addressed to insure that this feature does not slow down computers in the department to the point that staff becomes less efficient at performing their primary responsibilities.

COMMENDATION

The Lee County Tax Department is commended for its excellent website which is well designed, easy to navigate, and provides extensive useful information for citizens.

FINDING

The final topic for discussion in this section is the critical issue of the tax systems currently in use by the department, their positive aspects as well as their shortcomings, and the potential need to investigate converting to a new comprehensive integrated system in the foreseeable future. With the increasingly difficult task of administering the property tax in North Carolina, due to recent and predicted upcoming complex legislation, it becomes imperative for counties to have in place modern systems that can handle them. In fact, legislators passing new laws today assume that counties have such systems, or at least have access to them.

The Lee County Tax Department currently is using a Cole-Layer-Trumble CAMA (computer-assisted mass appraisal) system as its appraisal software and a MUNIS billing and collection system. Both systems are relatively old, but fortunately each is still supported by the respective vendor at this time. Although both systems certainly have their shortcomings, a number of which are noted below, the department has done a good job of meeting statutory deadlines each year and accomplishing core mandates. The fact remains, however, that the cost of operating with outdated and inefficient systems can be considerable. Maintenance and reprogramming costs can be huge and valuable man hours are absorbed performing chores that a modern system can accomplish in seconds.

Among the issues the department currently faces with the current systems are:

- The CAMA system only performs the cost approach (replacement cost new less accrued depreciation) to value properties. It does not have the capability to readily produce values utilizing the market approach or the income approach. The market approach, which compares the property being appraised with similar properties that have recently sold, is the established standard to generate accurate estimates of value for land and single-family residential properties. The income approach is the common method to appraise commercial, industrial, and multi-family housing, since an estimate of value can be derived based upon the income these type properties produce.

- Many business processes currently must be done manually and/or double entered absorbing valuable staff time. For example, the current system only allows one land rate per neighborhood, requiring staff to enter individually when different rates apply. Also, due to a lack of integration between the CAMA and Billing and Collections systems, all land records must be double keyed.

- Current systems do not have the capability to produce newer state-mandated reports, requiring that they be done manually through time consuming manipulation and analyzing of reports available. An example of this is at month-end closeout reporting, affected staff typically must remain several hours after office hours to accomplish.

- Frequent necessity to bridge the CAMA and MUNIS systems require that copious hours be spent by the Information Technology (IT) and Tax Office employees in investigating and repairing problems. This lack of integration between the two systems continually puts in jeopardy the department's ability to meet statutory and internal deadlines.

- The current CAMA system does not have a separate revaluation server. This is an essential element of the property revaluation process, since a live current file must be maintained at the same time new data are entered into the revaluation file. This issue, in itself, presents Lee County with a serious dilemma that can realistically be resolved only by entering all data changes into their 2013 file before the new schedule of values can be tested. This is unorthodox, time-consuming, and fraught with potential pitfalls, but will be the most viable option with the current system.

In summary, the current IT systems in Lee County in use require large amounts of troubleshooting and repair work, bridging, system manipulation, and manual overrides. There are several known unarguable factors, however, to consider. First, is that conversion to a new comprehensive integrated system is the ideal solution and will need to be addressed in the near future. Currently, such a system would cost the County approximately $300,000 to $400,000, keeping in mind that the increased efficiency and capabilities of a modern system should result in increased revenue for Lee County through an increase in the collection rate and revenue from business audits.

With the County's next property revaluation already underway and set to become effective on January 1, 2013, it is too late to even consider converting to a new system at this time. The opportune timeline to pursue such an option would be after all activities related to the 2013 revaluation are completed, including appeals, but in time to have a new system installed and staff trained prior to initiating activities for the next revaluation. Considering this, a recommendation to obtain a new tax system at this time would not be prudent, but one to investigate in the foreseeable future.

RECOMMENDATION

Recommendation 11-6:

Investigate the feasibility of installing a new comprehensive integrated tax system at an appropriate time after all activities related to the 2013 property revaluation are concluded.

In the meantime, the Tax Department is to be admired for its confidence and willingness to undergo Lee County's first property revaluation totally in-house utilizing the current software systems. The Tax Department management and IT staff should work closely with current vendors to resolve some of the integration issues between the two systems so that successfully

completing the 2013 revaluation will be as seamless as possible. Lee County managers should also understand that some relatively minor funding could be needed to accomplish this.

FISCAL IMPACT

There are a number of companies that offer complete tax systems, and at least several of them should be invited to give demonstrations of their products before even considering costs. This would, at minimum, give Lee County the opportunity to see what technologies and options are available at that time. The cost of a new system is contingent on the type of system chosen and the features included.

11.7 STATISTICAL DATA / INTERGOVERNMENTAL AGREEMENTS

Exhibit 11-12 includes statistical data regarding each North Carolina County's participation in the Debt Setoff Clearinghouse Program.

Exhibit 11-12
North Carolina Local Governmental Debt Setoff Clearinghouse
2011 County Statistics

		2011				2010	2002-2009	Totals to Date
#	County	Total Debt Submitted	Current Debt Submitted	Debts Setoff	Amount Setoff	Amount Setoff	Amount Setoff	Amount Setoff
1	Mecklenburg County	$42,275,784.58	$16,130,090.43	17,750	**$2,569,944.49**	$1,976,723.41	$51,441.05	**$4,598,108.95**
2	Gaston County	$31,162,515.20	$22,896,606.26	9,083	**$1,432,397.02**	$1,547,947.31	$6,209,380.57	**$9,189,724.90**
3	Wake County	$19,662,492.72	$13,987,256.44	8,127	**$1,191,556.92**	$417,461.14	$2,250,621.66	**$3,859,639.72**
4	Robeson County	$19,485,617.58	$5,176,419.03	5,935	**$980,919.71**	$628,353.16	$1,705,259.43	**$3,314,532.30**
5	Guilford County	$16,348,317.98	$12,950,649.55	6,169	**$964,783.00**	$634,365.58	$1,773,901.06	**$3,373,049.64**
6	Rowan County	$11,220,866.70	$6,759,649.99	3,470	**$613,520.25**	$410,640.99	$1,704,472.96	**$2,728,634.20**
7	Forsyth County	$19,219,563.63	$17,139,527.22	2,221	**$540,498.76**	$589,982.33	$2,285,853.17	**$3,416,334.26**
8	Durham County	$13,136,824.29	$9,551,131.12	3,423	**$528,707.35**	$505,020.16	$2,199,542.26	**$3,233,269.77**
9	Cleveland County	$10,320,118.34	$6,497,043.88	3,613	**$495,071.73**	$610,931.03	$3,725,489.35	**$4,831,492.11**
10	Pitt County	$9,277,441.43	$3,719,999.78	2,318	**$492,851.58**	$384,465.72	$1,096,916.33	**$1,974,233.63**
11	Iredell County	$6,064,356.27	$5,182,319.83	1,861	**$422,279.62**	$198,220.15	$1,012,052.83	**$1,632,552.60**
12	Wayne County	$12,864,805.61	$4,170,492.66	2,208	**$357,837.70**	$448,518.01	$2,169,894.49	**$2,976,250.20**
13	Surry County	$5,373,394.76	$3,135,440.99	1,448	**$355,965.68**	$44,841.10	$308,375.20	**$709,181.98**
14	Duplin County	$6,121,093.76	$4,478,586.43	1,730	**$312,692.44**	$276,044.09	$957,498.15	**$1,546,234.68**
15	Vance County	$6,833,456.83	$2,321,193.55	2,102	**$311,950.85**	$304,345.39	$1,582,412.06	**$2,198,708.30**
16	Johnston County	$3,739,982.02	$2,671,952.97	2,291	**$303,996.68**	$274,554.02	$720,913.15	**$1,299,463.85**
17	Catawba County	$6,534,262.99	$6,054,929.63	1,393	**$288,187.42**	$256,097.11	$856,445.14	**$1,400,729.67**
18	Union County	$7,139,784.46	$4,324,764.26	2,201	**$287,109.44**	$190,898.72	$765,374.72	**$1,243,382.88**
19	Craven County	$4,830,386.63	$3,937,446.75	2,465	**$277,293.82**	$287,581.09	$986,228.08	**$1,551,102.99**
20	Wilson County	$4,955,910.99	$2,490,235.03	1,843	**$274,399.24**	$341,768.76	$640,119.30	**$1,256,287.30**
21	Lincoln County	$6,493,648.18	$4,258,572.00	1,394	**$268,816.07**	$223,394.07	$1,245,479.24	**$1,737,689.38**
22	Onslow County	$11,431,333.21	$4,276,183.98	1,186	**$261,132.43**	$226,091.01	$465,910.68	**$953,134.12**
23	Rockingham County	$6,225,242.70	$3,825,748.12	1,736	**$252,769.14**	$272,355.34	$1,449,660.58	**$1,974,785.06**
24	Caldwell County	$6,633,049.84	$5,754,548.36	1,271	**$241,525.12**	$246,276.11	$944,141.04	**$1,431,942.27**
25	Halifax County	$3,176,834.25	$2,765,600.54	1,065	**$216,609.26**	$104,599.53	$385,037.40	**$706,246.19**
26	Davidson County	$5,878,594.54	$5,328,964.87	1,076	**$214,753.01**	$235,110.69	$153,264.32	**$603,128.02**
27	Alamance County	$3,280,944.58	$2,683,934.28	1,524	**$214,691.68**	$324,383.51	$653,254.55	**$1,192,329.74**
28	Wilkes County	$5,398,123.29	$3,755,606.35	970	**$196,732.67**	$273,197.17	$295,980.68	**$765,910.52**
29	Nash County	$4,330,719.21	$4,146,426.04	890	**$186,260.38**	$133,312.90	$517,430.28	**$837,003.56**
30	Hertford County	$4,411,828.27	$2,275,641.10	1,160	**$172,958.89**	$140,901.55	$819,526.16	**$1,133,386.60**
31	Cabarrus County	$3,200,876.29	$2,840,419.15	867	**$163,476.79**	$200,804.90	$135,766.99	**$500,048.68**
32	Randolph County	$3,806,021.36	$3,494,259.78	1,157	**$161,078.79**	$224,123.88	$1,145,110.57	**$1,530,313.24**
33	Harnett County	$3,361,140.17	$3,047,062.42	854	**$160,883.87**	$178,208.78	$625,279.18	**$964,371.83**
34	Pasquotank County	$2,292,404.80	$1,837,210.50	1,226	**$159,221.96**	$140,192.11	$454,569.23	**$753,983.30**
35	New Hanover County	$4,247,357.79	$2,329,772.98	1,090	**$149,420.26**	$145,338.38	$581,482.07	**$876,240.71**
36	Columbus County	$2,288,042.43	$2,102,581.54	402	**$142,654.33**	$51,729.84	$11,645.02	**$206,029.19**
37	Carteret County	$3,993,771.12	$2,189,984.40	533	**$141,339.95**	$132,285.17	$245,822.37	**$519,447.49**
38	Franklin County	$2,822,166.10	$2,150,294.10	790	**$140,825.55**	$119,069.77	$452,626.51	**$712,521.83**
39	Person County	$2,834,705.57	$2,079,379.71	683	**$138,614.54**	$185,965.85	$477,076.37	**$801,656.76**
40	Sampson County	$3,968,826.09	$2,255,926.76	645	**$132,021.86**	$125,751.01	$458,405.21	**$716,178.08**
41	Bladen County	$2,597,760.47	$2,093,754.09	590	**$128,545.88**	$158,731.78	$220,089.03	**$507,366.69**
42	Granville County	$2,459,354.88	$2,309,225.37	560	**$123,581.84**	$162,240.40	$35,999.73	**$321,821.97**
43	Martin County	$2,473,690.57	$1,346,963.75	679	**$109,604.98**	$129,768.44	$646,236.98	**$885,610.40**
44	Davie County	$2,350,717.85	$964,976.11	514	**$102,731.92**	$70,212.49	$354,444.89	**$527,389.30**
45	Washington County	$2,285,601.11	$1,576,587.23	577	**$100,542.19**	$80,364.31	$348,632.66	**$529,539.16**
46	Alexander County	$1,829,751.61	$1,262,667.93	546	**$96,652.40**	$91,180.50	$148,823.36	**$336,656.26**
47	Beaufort County	$4,474,389.74	$1,521,556.34	728	**$95,098.94**	$150,378.50	$603,152.97	**$848,630.41**
48	McDowell County	$3,172,677.22	$2,650,796.92	430	**$93,082.16**	$98,183.21	$143,244.90	**$334,510.27**
49	Northhampton County	$1,084,344.10	$944,504.47	494	**$87,598.65**	$73,573.39	$323,294.88	**$484,466.92**
50	Yadkin County	$2,319,285.25	$2,039,868.24	509	**$82,816.97**	$100,218.48	$244,428.26	**$427,463.71**
51	Lee County	$987,904.27	$898,599.24	398	**$81,223.07**	$49,846.59	$1,705.94	**$132,775.60**
52	Henderson County	$1,690,957.61	$686,618.58	558	**$80,286.44**	$105,529.04	$355,513.05	**$541,328.53**
53	Stanly County	$2,393,618.02	$2,004,513.34	341	**$78,827.05**	$58,937.10	$166,006.12	**$303,770.27**
54	Buncombe County	$657,371.03	$512,931.27	523	**$73,210.68**	$86,984.43	$218,712.63	**$378,907.74**

Exhibit 11-12 (Continued)
North Carolina Local Governmental Debt Setoff Clearinghouse
2011 County Statistics

		2011				2010	2002-2009	Totals to Date
#	County	Total Debt Submitted	Current Debt Submitted	Debts Setoff	Amount Setoff	Amount Setoff	Amount Setoff	Amount Setoff
55	Chatham County	$1,403,717.90	$553,274.72	467	**$71,404.25**	$77,719.98	$370,248.35	**$519,372.58**
56	Bertie County	$944,729.76	$486,170.17	458	**$67,765.71**	$93,786.50	$769,767.61	**$931,319.82**
57	Cumberland County	$1,599,260.63	$1,373,656.89	483	**$64,492.86**	$64,558.80	$334,354.21	**$463,405.87**
58	Burke County	$2,508,312.09	$2,404,060.50	399	**$49,236.94**	$60,667.57	$157,996.76	**$267,901.27**
59	Stokes County	$2,268,280.06	$1,155,019.97	353	**$45,264.15**	$29,932.09	$484.40	**$75,680.64**
60	Haywood County	$154,447.48	$102,451.16	405	**$44,720.05**	$7,022.95	$0.00	**$51,743.00**
61	Chowan County	$1,058,331.57	$954,221.37	198	**$42,760.23**	$34,029.26	$193,058.60	**$269,848.09**
62	Edgecombe County	$1,105,107.17	$1,014,912.80	272	**$38,340.51**	$45,807.98	$302,661.22	**$386,809.71**
63	Richmond County	$501,021.30	$437,800.44	144	**$36,136.70**	$43,118.22	$88,602.27	**$167,857.19**
64	Anson County	$1,153,451.18	$1,092,875.89	166	**$35,977.12**	$28,790.49	$53,598.28	**$118,365.89**
65	Warren County	$1,140,555.87	$990,124.27	190	**$35,969.73**	$40,374.06	$347,384.59	**$423,728.38**
66	Polk County	$1,630,761.83	$1,372,037.52	185	**$33,490.29**	$39,653.06	$177,483.05	**$250,626.40**
67	Cherokee County	$1,233,898.21	$1,134,054.50	168	**$31,137.92**	$26,768.34	$104,734.06	**$162,640.32**
68	Scotland County	$654,479.29	$579,712.33	189	**$31,087.25**	$28,108.22	$64,209.81	**$123,405.28**
69	Pamlico County	$574,504.02	$359,011.66	145	**$26,990.23**	$7,644.39	$0.00	**$34,634.62**
70	Graham County	$685,980.50	$602,910.07	113	**$24,523.51**	$27,238.48	$63,858.78	**$115,620.77**
71	Rutherford County	$821,398.14	$696,225.45	155	**$23,840.41**	$32,623.98	$295,521.06	**$351,985.45**
72	Dare County	$661,222.92	$554,059.05	95	**$23,238.48**	$4,735.91	$2,112.98	**$30,087.37**
73	Gates County	$941,996.10	$444,506.34	206	**$22,747.91**	$19,365.82	$97,226.72	**$139,340.45**
74	Transylvania County	$494,190.43	$455,205.06	198	**$21,463.84**	$39,277.75	$207,613.92	**$268,355.51**
75	Jones County	$532,848.48	$466,678.87	197	**$21,395.53**	$31,015.25	$137,276.41	**$189,687.19**
76	Greene County	$508,221.45	$485,005.95	167	**$19,217.12**	$27,015.96	$201,705.89	**$247,938.97**
77	Pender County	$808,260.27	$432,838.87	73	**$18,082.73**	$18,730.84	$73,927.79	**$110,741.36**
78	Macon County	$119,169.55	$59,517.30	206	**$16,636.68**	$8,650.44	$5,945.41	**$31,232.53**
79	Moore County	$95,634.29	$70,942.04	109	**$14,550.30**	$17,722.97	$83,336.66	**$115,609.93**
80	Jackson County	$457,072.19	$428,110.47	67	**$11,867.62**	$18,518.75	$91,309.01	**$121,695.38**
81	Camden County	$368,520.21	$191,117.62	62	**$11,031.96**	$7,678.70	$42,673.16	**$61,383.82**
82	Swain County	$101,460.42	$62,465.93	67	**$10,703.11**	$28,632.13	$15,210.81	**$54,546.05**
83	Perquimans County	$141,394.58	$125,354.20	54	**$9,780.86**	$7,021.10	$28,908.20	**$45,710.16**
84	Montgomery County	$289,164.74	$228,714.57	47	**$8,208.45**	$13,925.22	$75,047.80	**$97,181.47**
85	Orange County	$399,996.85	$371,557.01	74	**$8,002.34**	$29,607.27	$130,494.74	**$168,104.35**
86	Hyde County	$224,687.96	$161,652.08	35	**$6,730.37**	$10,194.16	$0.00	**$16,924.53**
87	Caswell County	$197,679.65	$193,546.18	26	**$5,844.87**	$4,977.07	$74,312.73	**$85,134.67**
88	Yancey County	$153,166.39	$135,929.16	19	**$5,787.56**	$7,626.80	$0.00	**$13,414.36**
89	Mitchell County	$73,952.99	$65,794.87	19	**$3,760.25**	$7,547.69	$194.58	**$11,502.52**
90	Tyrrell County	$49,581.33	$43,687.15	17	**$3,087.89**	$3,803.49	$19,109.37	**$26,000.75**
91	Currituck County	$83,772.63	$61,768.55	12	**$1,570.99**	$572.98	$7,225.40	**$9,369.37**
92	Madison County	$12,568.96	$11,379.59	5	**$375.11**	$422.58	$22,472.37	**$23,270.06**
93	Watauga County	$26,899.11	$29,588.82	3	**$303.34**	$1,312.59	$26,902.83	**$28,518.76**
94	Clay County	$11,359.19	$4,052.93	3	**$270.10**	$0.00	$4,380.82	**$4,650.92**
95	Alleghany County (Non/Part.)	$0.00	$0.00	0	**$0.00**	$0.00	$0.00	**$0.00**
96	Ashe County (Non/Part.)	$0.00	$0.00	0	**$0.00**	$0.00	$0.00	**$0.00**
97	Avery County (Non/Part.)	$0.00	$0.00	0	**$0.00**	$0.00	$6,036.41	**$6,036.41**
98	Brunswick County (Non/Part.)	$0.00	$0.00	0	**$0.00**	$0.00	$0.00	**$0.00**
99	Hoke County	$839,633.12	$805,242.73	0	**$0.00**	$0.00	$0.00	**$0.00**
100	Lenoir County (Non/Part.)	$0.00	$0.00	0	**$0.00**	$0.00	$343.31	**$343.31**
	Totals:	**$404,450,721.10**	**$258,984,650.71**	**115,868**	**$18,999,348.69**	**$16,424,199.34**	**$53,007,675.18**	**$88,431,223.21**

Source: NC Local Government Debt Setoff Clearinghouse, January 2012.

CHAPTER 12:
OTHER COUNTY DEPARTMENTS/ISSUES

12.0 OTHER COUNTY DEPARTMENTS/ISSUES

As we conducted this performance audit, single issues in other departments (in addition to those included in the first 11 chapters) emerged during our on-site work. Evergreen consultants believe these issues should be addressed as well.

The major sections of this chapter include:

12.1 Economic Development
12.2 Parks and Recreation
12.3 Planning and Community Development
12.4 County of Lee Transit System (COLTS)

12.1 ECONOMIC DEVELOPMENT

As stated in its mission statement, the Lee County Economic Development Corporation (LCEDC) works on behalf of Lee County, the City of Sanford, and the Town of Broadway to attract, retain, and facilitate the expansion of high quality business and industry to increase the tax base and job opportunities for Lee County citizens, and to promote sound planning for infrastructure improvements to maximize potential for industrial and residential growth.

The goals and strategies of the LCEDC are shown in **Exhibit 12-1**.

The bylaws of the Lee County Economic Development Corporation provide for the member of its Board of Directors. Members include:

- four (4) members appointed by the Lee County Board of Commissioners;
- three (3) members appointed by the Board of Alderman of the City of Sanford;
- one (1) member appointed by the Board of Commissioners for the Town of Broadway, N.C.;
- the President of Central Carolina Community College, Sanford, NC;
- the President of the Lee County Committee of 100, Inc., appointed by the Board of Directors of the Lee County Committee of 100, Inc;
- the Superintendent of the Lee County Board of Education; and
- any resident of Lee County who shall be elected a member of the General Assembly of North Carolina shall be a member of virtue of holding said office.

Exhibit 12-1
Lee County Economic Development Corporation
Goals and Strategies

The Lee County Economic Development Corporation exists to help create wealth for Lee County and its citizens through jobs and investment. To do this, the organization has several goals for the coming year:

Create the conditions in Lee County needed to attract new, high-quality industry and foster the growth of existing businesses and industry.

a. Visit existing businesses annually to determine if anything can be done to stimulate business expansion or retention. [Assessment: Number of sessions held and ideas received from companies.]

b. Enhance the total amount available in the Lee County Revolving Loan Fund for small businesses to use as expansion capital. [Assessment: Dollar amount available in the fund, counting amounts on loan and any cash balance.]

c. Support and promote comprehensive city-town-county planning and ordinances for high-quality development to make the county more attractive for highly-competitive projects. [Assessment: Number of changes proposed and changes approved for planning ordinances and procedures.]

d. Identify new areas for industrial development and recommend appropriate zoning and infrastructure improvements to enhance the "inventory" of locations available to relocating or expanding companies. [Assessment: Number of areas identified and improvements recommended.]

e. Work with Community Development and Public Works to set priorities for infrastructure improvements. [Assessment: Prioritized list of infrastructure projects, including projects already in progress and others proposed.]

f. Publish updated information on industrial buildings and sites available for business expansion. [Assessment: Portfolio of buildings and sites publications — including the state Department of Commerce database, printable list on the Lee County EDC website and display ads placed in relevant business publications.]

g. Assist CCCC Industry Services to enhance and promote industrial training options available to companies locating or expanding in Lee County. [Assessment: Comments and testimonials received, number of cooperative projects conducted and number of consultations provided.]

Promote Lee County to important internal and external audiences as a quality place to locate and operate business and industry.

a. Build on existing, strong working relationships with the North Carolina Department of Commerce, industrial site-selection specialists and other economic development allies to create opportunities to promote Lee County. [Assessment: Comments and testimonials received from individuals, number of cooperative ventures conducted or proposed, and number of special planning or promotional sessions held.]

b. Participate in marketing efforts with the Research Triangle Regional Partnership and BRAC Regional Task Force to promote Lee County to much broader audiences, including those initially interested more in the regions than a particular locale. [Assessment: List or portfolio of joint marketing projects.]

c. Work with the Sanford Area Chamber of Commerce and other local organizations to develop effective promotional material. [Assessment: Portfolio of joint promotional projects conducted and number of consultations provided.]

d. Assist the Sanford Area Chamber of Commerce and CCCC Small Business Center with projects to ensure that small businesses have an opportunity to start and grow — which may include projects to identify and meet small business needs, share ideas, or promote an effective working relationship among industries, businesses and the broader community. [Assessment: Comments and testimonials received from individuals, list or portfolio of joint projects and number of consultations conducted.]

Exhibit 12-1 (Continued)
Lee County Economic Development Corporation
Goals and Strategies

e. Maintain an effective economic development website to provide essential information to any interested audience at any time information is needed. [Assessment: website itself, as well as website use statistics.]

f. Publish a steady stream of accurate, timely information — including news, features and statistics — that communicates how Lee County is a quality place to locate and operate a business or industry. [Assessment: Portfolio of news releases, articles and other publications produced (most will be available the media section of the Lee County EDC website).]

g. Place advertising in print publications or other media selected to target key audiences. [Assessment: Portfolio of advertising.]

Operate the Lee County Economic Development Corporation as an efficient, responsive, flexible and effective organization in a transparent environment.

a. Manage resources provided by local government in an open and responsible manner. [Assessment: Published results of the annual financial audit.]

b. Maintain an effective and a competent staff. [Assessment: Comments and testimonials received from individuals, attendance of educational workshops and conferences.]

c. Find economical ways to add or enhance the total range of professional expertise available to the current economic development staff. [Assessment: List of external professionals or consultants currently assisting the organization, along with their credentials and expertise; list of databases or advice-oriented information sources available; and list of proposals for adding expertise through staff, consultants or information sources.]

d. Operate a balanced budget with sufficient reserves. [Assessment: Budget document and audited financial records.]

e. Respond effectively to location or expansion inquiries from all industry sectors, but focus recruitment efforts on companies working in sectors that can be supported well in Lee County and are being actively targeted for our region by the Research Triangle Regional Partnership and BRAC Regional Task Force — advanced medical care, agricultural biotechnology, analytical instrumentation, biological agents/infectious diseases, informatics, nanoscale technologies, pervasive computing, pharmaceuticals, defense technologies, defense consumables and military base support services. [Assessment: Comments and testimonials received from individuals, number of inquiry responses, number and sector of projects assisted, number or portfolio of media items produced that were oriented toward targeted sectors, and number of trade shows oriented toward targeted sectors attended.]

Source: Lee County Economic Development Corporation, 2011.

At the time of Evergreen Performance Audit, the relationship between the Board of County Commissioners and LCEDC were strained. Evergreen consultants were asked to examine the Lee County Economic Development Corporation (LCEDC) and its critical issues.

FINDING

On June 20, 2011 a motion was made and approved by the Lee County Board of County Commissioners to terminate its agreement with LCEDC. The motion read:

I motion for the board to adjust our budget resolution to signal our withdrawal from the present EDC organization and structure; that we notify the Town of Broadway and the City of Sanford of our intent to terminate our present contract for the EDC no later than December 31, 2011; that we transition the present EDC into an economic growth office working under the direct supervision of the county manager by that date; that the county manage exercise close oversight of all EDC funds disbursement until the transition is complete; and that we commit to honoring the existing grants, loan oversight, and other pledges we are contractually obligate to as of June 30, 2011.

At the December 5, 2011, the June 20, 2011 motion was rescinded and another motion was made and approved to:

1) *The County Board of Commissioners will require that the Lee County Economic Developer and/or Chairman of the LCEDC Board of Directors appear before the Commissioners quarterly (or as needed) in closed session to give an update on economic development efforts including, but not limited to, the number of contacts made by the LCEDC, the number of responses to inquires made to the LCEDC, a list of all contacts made to the LCEDC, a list of all businesses who make a request for incentive packages from Lee County and any other information that is relevant to the recruitment of industry to the County.*

2) *That the Lee County Manager or his designee be invited to attend all Executive Committee meetings. The LCEDC also agrees to invite and provide notice of all Executive Committee meetings and regular EDC meetings to the Lee County Clerk to the Board so the Clerk can notify Commissioners of all EDC meetings.*

3) *That a copy of all minutes of closed session meetings and regular meetings be delivered to the Lee County Clerk to the Board as soon as they are prepared. In addition, the EDC will attach minutes as backup to all recommendations made to the Lee County Board of Commissioners.*

4) *The LCEDC will follow the County's Incentive Policy when discussing packages with prospective businesses. The LCEDC Director will keep the County Manager informed of all discussions of incentive requests, packages, and negotiations.*

5) *The LCEDC will forward all recommendations for economic incentive packages (favorable or unfavorable) to the County Commissioners for their review.*

6) *The LCEDC will provide information upon request to any member of the Board of County Commissioners upon their request. The LCEDC Director will notify the County Manager of all request made by Commissioners and provide a copy to the Manager of any written information that is given to a Commissioner so that all Commissioners may receive the same.*

7) *The Board of Commissioners, with the passing of this resolution, will begin having the EDC Director and staff report directly to the Lee County Manager, Sanford City Manager and Broadway Town Manager (as long as each group continues to fund the EDC).*

8) *During the budget process, the Lee County Board of Commissioners will conduct a six-month review of the changes made to the EDC contract and the reporting relationship of the EDC Director of monitor the effectiveness of the change. The Lee County Board of Commissioners reserves the right to review the reporting relationship of the EDC Director of the County if the effectiveness of communications become a concern.*

The December 2011 amendment places greater accountability on the LCEDC:

- the County Board of Commissioners will receive quarterly updates from the Economic Development Corporation;
- the County Manager will be informed of all incentive negotiations, and all incentive packages will be forward to the County Commissioners for review;
- the EDC Director and staff will report to the Lee County Manager, Sanford City Manager and Broadway Town Manager; and
- the Board of County Commissioners will provide oversight and conduct six-month reviews of the effectiveness of changes included in the resolution.

COMMENDATION

The Board of County Commissioners is commended for the performance measures placed on the Lee County Economic Development Corporation (LCEDC) in its December 2011 resolution.

FINDING

The Lee County Economic Development Corporation is not effectively marketing its services. For example, its annual report entitled *The Health of Lee County* is buried within its website. An interested party must go to the media section of the LCDEC website and then must click on 'report' and find this important document. In other words, the most fundamental report of the EDC to the community is not clearly visible on its website.

In addition, the EDC goals and strategies (as shown in **Exhibit 12-1**) are not posted on the EDC website. Nor have these goals been assessed with quantifiable evidence to the public that the Economic Development Corporation is effective.

RECOMMENDATIONS

Recommendation 12-1:

Modify the website for the Lee County Economic Development Corporation (LCEDC) to clearly display its annual report, goals, strategies, and performance.

The Lee County Economic Development Corporation is supported by taxpayers dollars and must be accountable to Lee County citizens. To date, the Corporation has made little attempt to be accountable to public stakeholders in Lee County.

Recommendation 12-2:

Ensure that all EDC goals and objectives/strategies are stated in measurable terms and assessed annually.

As can be seen, the goals and strategies shown in **Exhibit 12-1** provide for some degree of assessment. Nonetheless, these goals and strategies should be restated in more measureable terms and the effectiveness of implementation should be contained in each LCEDC annual report. As one example, **Strategy b** for the first goal states:

> *Enhance the total amount available in the Lee County Revolving Loan Fund for small businesses to use as expansion capital. [Assessment: Dollar amount available in the fund, counting amounts on loan and any cash balance.]*

The assessment calls for "dollar amount in the fund…" Nonetheless, because there are dollar amounts in the fund does not mean that the objective/strategy was achieved. The same argument can be made for assessment of most other strategies.

FISCAL IMPACT

These recommendations can be implemented with existing resources.

12.2 PARKS AND RECREATION

Park agencies have developed park category guidelines to aid in identifying the role a park plays in the community. To establish appropriate categories for parks, the Lee County Parks and Recreation Department uses guidelines established by the National Recreation and Park Association as a primary tool and have tailored those guidelines for Lee County.

The Department has established the following six categories of parks:

1. Mini Parks
2. Neighborhood Parks
3. Community Parks
4. Regional Parks
5. Special Purpose Parks
6. Greenways/Trails

Lee County currently owns and manages 323.15 (includes 10-acre gift adjacent to Sloan Family Park) parks and recreation acres. Lee County manages several trails and greenways including Big Buffalo Creek that contains a 7 mile trail. The County also leases a 7,700 square foot gymnastics facility.

Mini Parks

Mini Parks, or pocket parks, are the smallest type of park and are usually less than five acres in size. Lee County currently does not have any Pocket Parks in its inventory; however, if the

County purchases Depot Park in downtown Sanford, this will be the first mini park maintained by the Department.

Neighborhood Parks

Lee County currently maintains six Neighborhood Parks. These parks are typically five to 20 acres in size, usually serving the immediate surrounding neighborhood (1/2 mile radius), although they can provide town-wide service. Neighborhood Parks have fulfilled many of the recreational needs for the County. Maintenance and management cost have increased with age and use of smaller facilities. The County makes continued effort to update facilities as needed and as prioritized. There is not a current need for additional Neighborhood Parks, but the County reserves the right to demand land or money in lieu of land as residential developments occur.

The six Neighborhood Parks are:

- Buchanan Park
- Weatherspoon Courts
- Bob E. Hales Center
- Kiwanis Children's Park Place
- Wicker Gym
- Temple Park

Community Parks

Lee County currently has five Community Parks. Community Parks are intended to provide active and passive recreation facilities for resident of all ages. These parks are typically accessed via the roadway system and may include sports fields and community centers. Community Parks expand beyond the immediate neighborhood and may serve several communities with access by a short car ride or through a connection of pedestrian trail and greenways. Community Parks also typically serve as Neighborhood Parks for those living within close proximity of the Park.

The Community Parks are:

- Darylymple Park
- Horton Park
- Kiwanis Family Park
- O.T. Sloan Park
- Tramway Road Park

Regional Parks

The largest park typically found within a parks and recreation inventory is the Regional Park. The size of a Regional Park varies, but usually greater than 75 acres. Parks of this type, usually adjacent to or in close proximity of major highways or arterial roads, are highly desirable in order to accommodate relatively large volumes of traffic at peak times. Regional Parks provide Lee County with a diversity of recreational opportunities in both natural settings and intensely developed indoor or outdoor facilities that can accommodate large numbers of people without

significant deterioration of the recreation experience. There are two Regional Park facilities in Lee County.

- San-Lee Park is 160 acres and offers a nature center in addition to varied amenities and recreational facilities in a natural and serene environment such as RV parking, camp grounds, and hiking and mountain bike trails.

- Big Buffalo Creek Greenway is a seven-mile greenway along the scenic Deep River that flows from Kiwanis Family Park down to Endor Iron Furnace.

Special Purpose Parks

Special Purpose Parks include parks that provide the community with a unique or specific function, possibly managed under joint public/private partnerships or public/quasi-public partnerships, and/or located as independent sites or as sub-units within other types of park lands. Types of special purpose areas include golf courses and related uses, water parks, recreation centers, field houses or stadiums for major sporting events, simultaneous tournament-level athletic complexes.

Lee County maintains the following Special Purpose Parks:

- Moore Park Gymnastics Facilities
- Old Broadway Town Hall
- American Legion Optimist Park
- Deep River Park
- Northview Optimist Park
- Broadway Optimist Park (Lett Family Park)

Greenways/Trails

Greenways are open space corridors, often adjacent to waterways and trail systems and protect natural, cultural, and recreational resources. A Greenway has not been established in Lee County, but the County currently has four walking trails totaling two miles, hiking trails in excess of two miles, and one five-mile mountain biking.

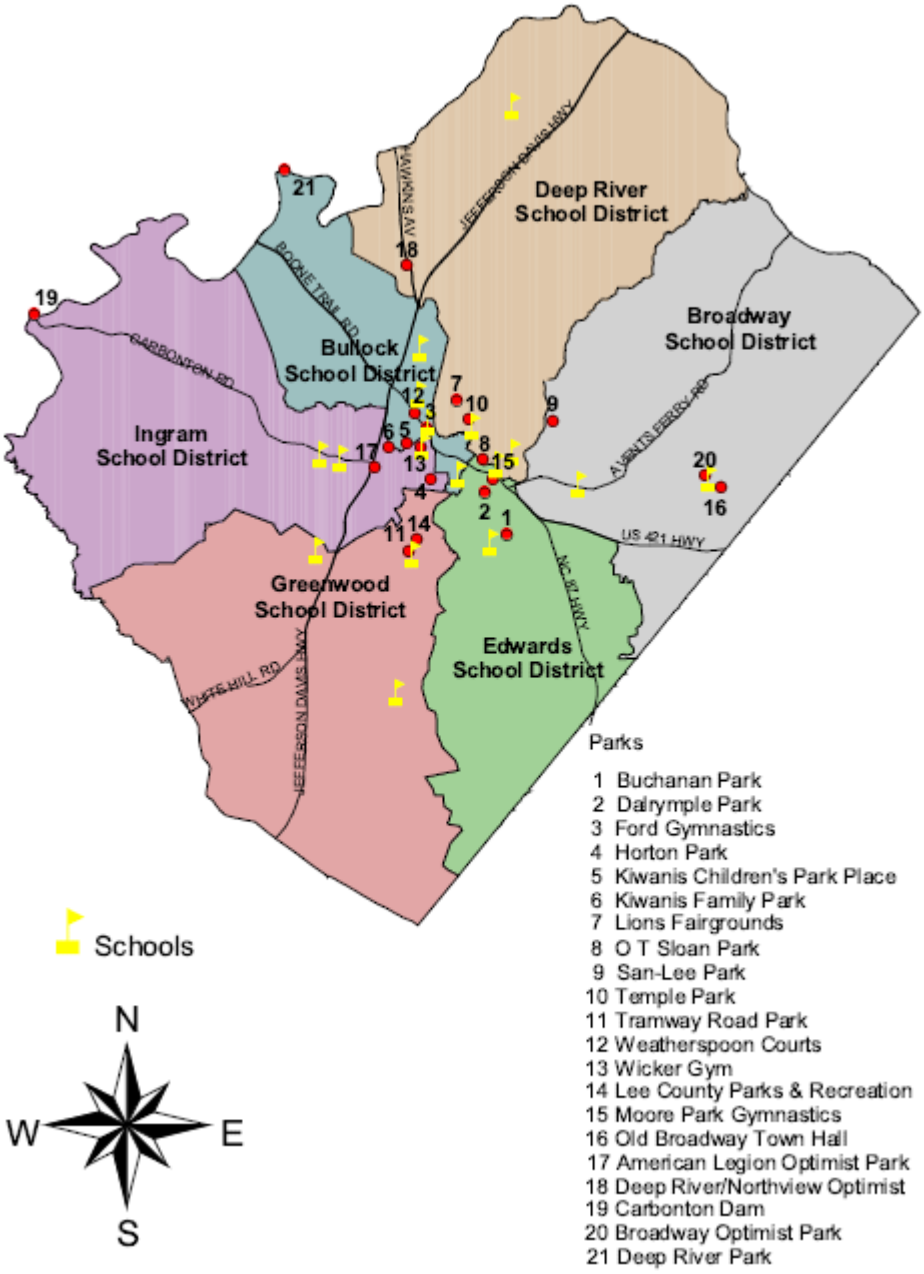
Exhibit 12-2 shows the location of parks in Lee County.

FINDING

There is no Interlocal Agreement between the County and City for Parks and Recreation. The responsibility for Parks and Recreation was turned over to Lee County in February 1972. Lee County fully funds parks and recreation activities without any assistance from the City of Sanford. For the past three years, the total Parks and Recreation Department budget amounted to over $1.2 million annually.

In spite of the lack of an Interlocal Agreement, Lee County has maintained the parks and provided recreational services (many of which are located in the City of Sanford), for almost four decades.

Exhibit 12-2
Location of Parks in Lee County, North Carolina



RECOMMENDATION

Recommendation 12-3:

Develop an Interlocal Agreement for Parks and Recreation which provides for equitable sharing of expenses to maintain parks and recreation services within Lee County.

The full burden of the costs for Parks and Recreation should not be paid solely by Lee County Government which has been the case since the early 1970s. An Interlocal Agreement should be created and updated annually. Residents of the City of Sanford make use of parks and recreational activities in Lee County and should be contributing towards these services.

FISCAL IMPACT

As the Interlocal Agreement is formulated, consideration should be given to showing the cost of these services at a minimum of 50 percent of the total annual budget for the Parks and Recreation Department.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Develop an Interlocal Agreement for Parks and Recreation	$600,000	$600,000	$600,000	$600,000	$600,000

12.3 PLANNING AND COMMUNITY DEVELOPMENT

In Lee County, the City of Sanford pays for comprehensive planning services including zoning administration and enforcement, subdivision administration, water administration, long-range planning, transportation planning, airport hazard ordinance administration, flood plain ordinance administration. The City provides housing rehabilitation program administration, including administration of funds received through the North Carolina Division of Community Assistance, Small Cities Community Development Block Grant Program, and N.C. Housing Finance Agency "HOME" Program. City employees act as staff and provide proper reports to the Board of Commissioners, County Planning Board, and County Board of Adjustment. They also coordinate services with other City and County departments. The City further provides day-to-day management of all department operations by the Community Development Director under the direction of the City Manager.

Building Inspections are also housed in the Community Development Department in the City of Sanford. The City provides the County comprehensive inspection services, including administration of the North Carolina Building Code and any ancillary services promulgated by the City Manager in concert with the County Manager. The City provides day-to-day management of all department operations by the Community Development Director under the direction of the City Manager.

FINDING

Both Planning and Community Development, as well as Building Inspections, are operating with outdated Interlocal Agreements. The Planning and Community Development Interlocal Agreement is dated May 6, 2003, while the Building Inspections Interlocal Agreement is dated August 20, 2002. Although each Agreement calls for an annual update, no updates have been completed to date, and the agreements are almost nine and ten years old.

For Planning and Development services, the City pays 55 percent and the County pays 45 percent with the Town of Broadway paying $8,000 annually. The costs to Lee County for Planning Services since 2002-03 are shown in **Exhibit 12-3.**

Exhibit 12-3
County Costs for Planning and Inspections
2002-03 through 2011-12

Fiscal Year	Planning Cost Analysis	Inspection Cost Analysis
2011-12	$389,798	$63,415 budgeted
2010-11	$377,108	$46,420 projected
2009-10	$365,571	$34,533
2008-09	$368,454	$71,716
2007-08	$324,140	$53,992
2006-07	$319,189	$530
2005-06	$308,820	$41,772
2004-05	$293,018	$33,850
2003-04	$270,145	$37,294
2002-03	$253,916	$47,378 first year merged

Source: Lee County Manager's Office, 2011.

With regard to Inspection costs, the formula is more complicated. According to the 2002 Interlocal Agreement:

> *For fiscal year 2002-03 the County shall pay to the City the sum of $72,145, which equals one-half of the difference between the combined revenue estimate of $320,000 and the combined operating budget of $464,290. The County will adjust the $72,145 payment to take into consideration any revenues it had collected between July 1st and the date the City assumes responsibility for the merged department. Likewise, an adjustment will be made for any expenditures paid by Lee County between July 1st and the date the City assumes responsibility for the merged department. Said payment maybe made in quarterly installments.*
>
> *For every following year, the County will pay to the City an amount equal to fifty percent of the projected operating loss which will be calculated by subtracting the projected revenues from the projected expenditures contained in the approved budget. This amount will be paid to the City in equal installments on July 1, October 1, January 1, and March 1. Following the conclusion of the fiscal year and completion of the City's annual audit, a statement showing actual revenues and expenditures will be provided to Lee County. If actual revenues exceed actual expenditures, Lee County will receiver 50% of this amount adjusted to take into consideration any earlier payments made to the City. If actual expenditures exceed actual revenues, Lee County will pay to the City of Sanford 50% of that amount also adjusted to take into consideration any earlier payments made to the City.*

The costs for inspection paid by the County since 2002-03 are also shown in **Exhibit 12-3**.

In a July 13, 2011 letter to City Manager Hegwer, County Manager Crumpton called for the following with regard to these two shared services:

- *Reduce County's share of Planning and Zoning contract from 45 percent to 30 percent. We certainly do not believe that the City can do a cost benefit analysis and justify $387,000 in expense for this department to the County. We believe this contract should already include code enforcement at the 45 percent level. We also want changes in the contract that will require written monthly reports of all development activity in the County to be provided to the County Manager.*

- *Building Inspections – calculate the county's share to a percentage based off the number of permits along with the dollar amount of the permits.*

No response to this correspondence was received from the City Manager.

In FY2010, the County paid $377,103 for planning services at 45 percent. If at 30 percent the total cost would have been $251,405, thus the savings in 2010-11 (if the County had paid lower rate) is $125,703, if the County Manager's proposal had been implemented.

In addition to the issue with the shared assessments in the interlocal agreement on planning/zoning, another concern is that the agreement requires no reconciliation process. Thus, no agency knows what the actual annual costs are.

Exhibit 12-4 shows revenues and expenses for inspections for FY2010 and FY2011.

Exhibit 12-4
Inspection Costs in Lee County
FY2010 and FY2011

Category	FY2010	FY2011
Total Inspection Expenses	358,095.76	$402,952.48
Times Percent City Permit Fee/Total Fees	$0.2685	$0.5618
Proposed Formula Cost	$96,148.71	$226,378.70
Less Revenues	($77,614.44)	($206,275.30)
Difference	$18,534.27	$20,103.40
Amount Paid	($34,522.84)	($17,883.96)
Additional Cost Under County Manager's Proposal	$15,988.57	$2,219.44

Source: Lee County Finance Office, 2011.

Again, with regard to planning costs, no reconciliations are made. The County should be paying its far share, but to date no one has determined what far share means.

RECOMMENDATION

Recommendation 12-4:

Revise and update the Interlocal Agreements between the City of Sanford and Lee County for planning/zoning and inspections.

The new agreements should reflect the changes suggested by the County Manager in his July 2011 correspondence to the City Manager. Most importantly, for each service reconciliations

should be completed each year and the actual costs be reimbursed to either the City or County for both services.

FISCAL IMPACT

The fiscal impact for planning/zoning for Lee County is estimated at about $125,000. The costs/cost savings for inspections could not be determined.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Revise and Update Interlocal Agreements for Planning/Zoning and Inspections	$125,000	$125,000	$125,000	$125,000	$125,000

12.4 COUNTY OF LEE TRANSIT SYSTEM (COLTS)

To ensure community transportation systems in North Carolina make strategic responses to the future mobility needs of the general public and targeted populations in their service areas, the North Carolina Department of Transportation (NCDOT) partners with communities in the development of Community Transportation Services Plans (CTSPs).

Today, community transportation in Lee County largely is provided by the County of Lee Transit System (COLTS)—a division of Lee County Senior Services. The system serves a diverse set of clients, though the majority of trips are taken by the elderly, persons with disabilities, and clients of Lee County Department of Social Services. CTSP evaluates the system's management and operations methodology, assesses its current direction, identifies strengths, and forwards realistic and implementable recommendations. CTSP also assists NCDOT's Public Transportation Division in allocating resources to facilitate continuous improvement of the system over a five-year period.

In the 2011 session of the North Carolina General Assembly, the Joint Transportation Committee requested that the North Carolina Department of Transportation (NCDOT) identify potential strategies for increasing departmental efficiency. The Public Transportation Division (PTD) was asked to focus on three such strategies:

- regionalization of transit services;
- use of state funds to increase leveraging of federal funds; and
- program consolidation.

The regionalization strategy is addressed in more specific detail in Session Law 2011-145, Section 28.21:

> *The Department of Transportation, Public Transportation Division, is directed to study the feasibility and appropriateness of developing regional transit systems with the goals of:*

(i) Providing increased mobility between existing transit systems within one county and between counties

(ii) Improving planning and coordination to better meet public demand

(iii) Maximize funding, and

(iv) Developing centralized professional staff that will create operational and administrative efficiencies.

This study is to examine both:

(i) the consolidation of transit service planning and delivery based on regional travel patterns; and

(ii) the consolidation of single-county transit systems, where applicable.

The Department of Transportation, Public Transportation Division, must report the results of its study to the Joint Legislative Transportation Committee no later than March 1, 2012.

During Evergreen's diagnostic review, concerns were raised about whether COLTS services should be outsourced at this point in time. The finding below addresses this issue.

FINDING

COLTS operates under the Lee County Government's Senior Services Department, which falls under the purview of the Senior Services Director. Funding for COLTS comes from federal and state grants as well as county funds and support contracts. As the lead agency for transportation services in Lee County, COLTS is responsible for the application for federal and state grants as well as submitting annual budget requests to Lee County Government.

All full- and part-time staff with COLTS are Lee County employees. The department is led by the Transportation Coordinator, a position that reports to the Director of Senior Services. The Transportation Coordinator supervises system operations, including writing grants, creating reports, developing budgets, maintaining TAB contact, preparing client billing, and administering policies and procedures. Management tasks (such as hiring and training) also fall under the purview of the Coordinator. Because COLTS is a small department, the Coordinator also shares some work responsibility and duties with other staff. Two other full-time county employees support the Transportation Coordinator.

Vehicles operated by COLTS are purchased with NCDOT grant funding and owned by Lee County. As of June 2010, COLTS owned 17 vehicles as shown in **Exhibit 12-5**. As can be seen, the fleet includes one conventional van, seven high top conversion vans, and nine lift equipped vans. In total, the fleet has 177 seats and 18 wheelchair stations.

Exhibit 12-5
COLTS Vehicle Fleet
June 2010

Model Year	Model	Vehicle Type	Seating Capacity	Wheelchair Stations
2009	Ford	Conventional Van	12	0
2009	Ford	High Top Van	12	0
2009	Ford	High Top Van	12	0
2009	Ford	Lift Van	9	2
2008	Ford	High Top Van	12	0
2008	Ford	High Top Van	12	0
2008	Ford	High Top Van	12	0
2008	Ford	Lift Van	9	2
2008	Ford	Lift Van	9	2
2008	Ford	Lift Van	9	2
2008	Ford	Lift Van	9	2
2007	Ford	High Top Van	12	0
2007	Ford	High Top Van	12	0
2007	Ford	Lift Van	9	2
2006	Ford	Lift Van	9	2
2006	Ford	Lift Van	9	2
2003	Dodge	Lift Van	9	2
Total			**177**	**18**

Source: COLTS Annual Report, April 2011.

Exhibit 12-6 shows the most recent available vehicle utilization data (VUD) for COLTS as found in its April 2011 Annual Report. Several trends emerge from these statistics contained in the report, including:

- a change since August 2008 in the way COLTS staff enters and edits trips using TrIP_Maker has improved the validity of data (As a result, the rate of cancellations and no shows are more accurate in subsequent reporting periods);
- vehicle utilization data have remained consistent between the August 2009 and April 2010;
- COLTS should expect greater service and revenue hours to account for the high percentage of wheelchair passengers; and
- while service hours have declined, service miles have increased.

Exhibit 12-7 compares vehicle utilization data (VUD) of single systems with data from peer groups. Lee County's peer group (Group 2 – North) includes Stokes, Rockingham, Caswell, Randolph, Chatham, Stanley, Montgomery, Moore, and Harnett Counties. **Exhibit 12-7** compares April 2010 VUD for Lee County and the average of the counties in its peer group. This comparison illustrates the efficiency of how community transportation is deployed in Lee County, which is a product of the county's small geographic footprint and the efforts of COLTS staff.

Exhibit 12-6
COLTS Vehicle Utilization Data (VUD)

Daily Average	August 2008		August 2009		April 2010	
	Number	Percent	Number	Percent	Number	Percent
Passengers	309		232		262	
No Shows	34	11.0%	5	2.2%	7	2.7%
Wheelchair Passengers	30	7.7%	73	31.5%	52	19.9%
Service Hours	113		105		101	
Revenue Hours	101	89.4%	97	92.4%	92	91.1%
Deadhead Hours	12	10.6%	8	7.6%	9	8.9%
Service Miles	1,737		1,727		1,752	
Revenue Miles	1,621	93.2%	1,578	91.4%	1,603	91.5%
Deadhead Miles	116 6	6.8%	149	8.6%	149	8.5%

Source: COLTS Annual Report, April 2011.

Exhibit 12-7
Vehicle Utilization Data (VUD) Comparisons
in Lee County and Group 2 Counties

Daily Average	Lee County		Group 2 - North	
	Number	Percent	Number	Percent
Passengers	262		221	
No Shows	7	2.7%	5	2.3%
Wheelchair Passengers	52	19.9%	19	8.6%
Service Hours	101		95	
Revenue Hours	92	91.1%	75	78.9%
Deadhead Hours	9	8.9%	20	21.1%
Service Miles	1,752		1,894	
Revenue Miles	1,603	91.5%	1,466	77.4%
Deadhead Miles	149	8.5%	428	22.6%

Source: COLTS Annual Report, April 2011.

The comparison shown in **Exhibit 12-6** reveals the following trends:

- COLTS carried 18.6 percent more passengers than its peer group;
- a much higher percentage of COLTS passengers were wheelchair passengers;
- revenue hours as a percentage of service hours are 12.2 percent higher for COLTS than its peer group; and
- COLTS had 55.0 percent less deadhead miles than its peer group.

When comparing vehicle utilization (VUD) data from COLTS to the peer group, it is evident that COLTS is practicing, in most cases, more efficient and effective operating processes than those of its peers. Based on this comparison, COLTS should be considered a leader in its industry. However, over time, County leaders should monitor these same data against peer data to ensure that COLTS maintains this effectiveness standard, and thus high customer service levels.

While vehicle utilization data are useful, from a performance measure standpoint, it is helpful to have a basis for comparison. **Exhibit 12-8** shows key transportation operating statistics from Spring 2006 to Spring 2010. The exhibit calculates passenger statistics for revenue and service hours and miles of service. It also shows the percent change from Spring 2006 to Spring 2010. Despite a small reduction in average daily passengers, the exhibit shows that overall, COLTS efficiency is increasing. Coupled with the previous exhibit's data, it can be determined that COLTS is handling more passengers per day and in a more efficient manner than the peer group, and that COLTS efficiency continues to improve on an annual basis.

Exhibit 12-8
COLTS Performance Measures

Passenger Variable	2006		2007		2008		2009		2010	% Change (Spring 2006 to 2010)	% Change (Fall 2006 to 2009)
	Spring	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring		
Average Daily Passengers	233	213	289	238	308	309	263	232	221	-5.2%	8.9%
Passengers per Service Hour	2.23	2.14	2.66	2.46	2.61	2.73	2.56	2.21	2.53	13.5%	3.3%
Passengers per Revenue Hour	2.45	2.33	2.88	2.69	2.90	3.05	2.78	2.40	3.51	43.3%	3.0%
Passengers per Service Mile	0.125	0.119	0.144	0.137	0.158	0.178	0.142	0.134	0.122	-2.4%	12.6%
Passengers per Revenue Mile	0.135	0.129	0.154	0.152	0.170	0.191	0.155	0.147	0.164	21.5%	14.0%

Source: COLTS Annual Report, April 2011.

Exhibit 12-8 shows that:

- the number of average daily passengers is higher in the Spring because COLTS transports students to the community college during this time;
- the system typically operates more efficiently in the Spring than the Fall; and
- passengers per revenue hour and passengers per revenue mile increased in Spring 2010.

Exhibit 12-9 displays COLTS administrative operating and capital revenue and expenditures for fiscal years 2008 and 2009. As can be seen, total revenue increased by 5.8 percent while expenses declined by 11.9 percent. It can be determined that when expenses dropped between fiscal years 2008 and 2009, performance efficiency also dropped in all four performance measure categories for both Spring and Fall.

Exhibit 12-9
Comparison of Administrative Operating and Capital Revenue and Expenditures FY 2008 and FY 2009

Revenue and Expense	FY 2008	FY 2009	% Change
Total Revenue	$606,409	$641,530	5.8%
Total Expenses	$667,391	$587,813	-11.9%
Capital Revenue	$250,170	$136,202	-45.6%
Capital Expenses	$242,917	$137,041	-43.6%

Source: COLTS Annual Report, April 2011.

Exhibits 12-10 through **12-16** show additional performance measures in the comparison counties used by Evergreen consultants for this study. These data were derived from the North Carolina Department of Transportation's Operating and Financial Statistics Report for Fiscal Year 2010. Performance measures compared are used around the State (and in many cases around the nation) to measure transportation effectiveness.

Exhibit 12-10 compares passengers per hour and passengers per mile among peer counties. As can be seen, COLTS average number of passengers per hour is 2.65 while average passengers per mile is 0.138. COLTS is significantly above the peer county average for these measures. Specifically, COLTS passengers per hour average is 20.5 percent higher than the overall average, and COLTS passengers per mile average is 13.8 percent higher than the overall average. The only peer county transit system operating more efficiently than COLTS on a per mile and per hour basis is Stanly County.

Exhibit 12-10
Comparison of Passengers, Hours, and Miles by Mode by Demand Response Service Type
FY 2010

County	Passengers	Hours	Miles	Efficiency	
				Passengers per Hour	Passengers per Mile
Lee	**61,764**	**23,280**	**446,976**	**2.65**	**0.138**
Franklin & Granville*	127,836	76,776	1,473,048	1.67	0.087
Pender	28,884	15,204	380,592	1.90	0.076
Rutherford	40,320	27,588	503,412	1.46	0.080
Stanly	63,980	19,044	353,822	3.36	0.181
Surry**	208,392	97,716	1,855,416	2.13	0.112
Average	**88,529**	**43,268**	**835,544**	**2.20**	**0.112**

Source: FY2010 NCDOT Operating and Financial Statistics Report (http://www.ncdot.gov/nctransit/download/FY2010.pdf)

*Operate as Kerr Area Transportation Authority, serving Franklin, Granville, Vance, and Warren
**Operates under Yadkin Valley Economic Development District, serving Surry, Davie, Stokes, and Yadkin

Exhibit 12-11 displays a comparison of miles per year. These data simply act to gauge the size of the operation versus operational efficiency. Paired with the right financial data, these data may be more useful. However, they were included here to assist in establishing a general context. The exhibit shows that there is no overall trend in miles per year, as some counties are experiencing a decline while some are experiencing an increase.

Exhibit 12-12 displays a comparison of hours per year and is directly related to miles per year displayed in **Exhibit 12-11.** As can be seen, COLTS experienced a downward trend in yearly hours over the period displayed. Like miles per year, there was no common trend among peer counties. Generally, larger transportation systems (i.e. Franklin, Granville, and Surry based on total yearly miles and hours) are able to operate more efficiently than smaller ones (such as COLTS) through the use of economies of scale. However, this does not seem to be the case in analyzing available COLTS comparison data. COLTS and Stanly County's transportation system, as smaller systems, are able to operate more efficiently than the larger systems.

Exhibit 12-11
Comparison of Miles Per Year (Thousands)
2008 - 2010

County	2008	2009	2010
Lee	**490**	**455**	**447**
Franklin & Granville*	1,600	1,537	1,559
Pender	330	356	381
Rutherford	547	606	624
Stanly	428	386	354
Surry**	1,746	1,709	1,855
Average	**857**	**842**	**870**

Source: FY2010 NCDOT Operating and Financial Statistics Report (http://www.ncdot.gov/nctransit/download/FY2010.pdf)

*Operate as Kerr Area Transportation Authority, serving Franklin, Granville, Vance, and Warren
**Operates under Yadkin Valley Economic Development District, serving Surry, Davie, Stokes, *and Yadkin*

Exhibit 12-12
Comparison of Hours Per Year (Thousands)
2008 - 2010

County	2008	2009	2010
Lee	**31**	**24**	**23**
Franklin & Granville*	86	83	84
Pender	15	14	15
Rutherford	29	33	34
Stanly	28	20	19
Surry**	93	95	98
Average	**47**	**44.8**	**45.5**

Source: FY2010 NCDOT Operating and Financial Statistics Report (http://www.ncdot.gov/nctransit/download/FY2010.pdf)

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**Operates under Yadkin Valley Economic Development District, serving Surry, Davie, Stokes, and Yadkin

Exhibit 12-13 displays a comparison of subsidy per trip by year among peer counties. Subsidy per trip is calculated using the total amount of federal and state administrative and operating funds a transit system receives divided by the total number of trips. A higher subsidy per trip is more advantageous to a public transportation operation.

Exhibit 2-13 shows that COLTS subsidy per trip is slightly lower than the average for all three years. In 2010, this variation is greatest at 16.1 percent (or $1.00 less than the average). However, it should be noted that Pender's high subsidy skews the results and could be considered an anomaly. Removing Pender's figures reveals that COLTS had an above average subsidy per trip in 2008 and 2009, and only a slightly lower subsidy per trip in 2010—only 6.2 percent less than the average.

Exhibit 12-13
Comparison of Subsidy Per Trip by Year
2008 – 2010

County	2008	2009	2010
Lee	**$4.55**	**$5.05**	**$5.21**
Franklin & Granville*	$3.82	$4.61	$5.28
Pender	$10.16	$10.31	$9.51
Rutherford	$5.61	$5.95	$6.00
Stanly	$4.67	$5.61	$6.13
Surry**	$3.43	$3.67	$5.15
Average	**$5.37**	**$5.87**	**$6.21**

Source: FY2010 NCDOT Operating and Financial Statistics Report (http://www.ncdot.gov/nctransit/download/FY2010.pdf)

*Operate as Kerr Area Transportation Authority, serving Franklin, Granville, Vance, and Warren
**Operates under Yadkin Valley Economic Development District, serving Surry, Davie, Stokes, and Yadkin

Exhibit 12-14 displays cost per trip by year, as well as uses data from **Exhibit 12-13** to determine the percentage of each trip that is subsidized. Combining these data, it can be seen that a significantly higher percentage of each COLTS trip is subsidized than in peer counties. In addition, the total trip cost for COLTS is significantly lower than the average. These two measures support the existence of a very favorable operating environment at COLTS when compared to peer counties.

Exhibit 12-14
Comparison of Cost Per Trip and Percent Subsidized by Year
2008 - 2010

	2008		2009		2010	
County	Total	% Subsidized	Total	% Subsidized	Total	% Subsidized
Lee	**$9.35**	**48.7%**	**$10.27**	**49.2%**	**$10.02**	**52.0%**
Franklin & Granville*	$10.65	35.9%	$12.10	38.1%	$13.45	39.3%
Pender	$17.80	57.1%	$18.62	55.4%	$11.18	85.1%
Rutherford	$13.73	40.9%	$14.84	40.1%	$14.83	40.5%
Stanly	$10.89	42.9%	$12.38	45.3%	$12.85	47.7%
Surry**	$14.27	24.0%	$10.41	35.3%	$13.76	37.4%
Average	**$12.78**	**41.6%**	**$13.10**	**43.9%**	**$12.68**	**50.3%**

Source: FY2010 NCDOT Operating and Financial Statistics Report (http://www.ncdot.gov/nctransit/download/FY2010.pdf)

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Exhibit 12-15 provides a comparison of cost per mile by year among peer counties. Counties achieving greater efficiencies in all aspects of transportation operations will continually realize a lower cost per mile. As can be seen, COLTS does realize a lower cost per mile than the peer average, indicating that COLTS maintains a more efficient operation than what is standard among peers.

Exhibit 12-15
Comparison of Cost Per Mile by Year
2009 and 2010

County	2009	2010
Lee	**$1.41**	**$1.38**
Franklin & Granville*	$1.27	$1.29
Pender	$1.32	$0.85
Rutherford	$1.37	$1.36
Stanly	$2.15	$2.32
Surry**	$1.57	$1.55
Average	**$1.52**	**$1.46**

Source: FY2010 NCDOT Operating and Financial Statistics Report (http://www.ncdot.gov/nctransit/download/FY2010.pdf)

*Operate as Kerr Area Transportation Authority, serving Franklin, Granville, Vance, and Warren
**Operates under Yadkin Valley Economic Development District, serving Surry, Davie, Stokes, and Yadkin

Exhibit 12-16 provides a comparison of cost per hour by year. As with cost per mile, a lower cost per hour indicates a more efficient transportation operation. As can be seen, COLTS has maintained a lower cost per hour than the average among peers, indicating that COLTS is currently more efficient than the industry standard. Both cost per hour and cost per mile should be monitored over time to ensure that, at minimum, COLTS maintains the same positive variance from the average in terms of these measures. If future data indicate that COLTS is moving closer to average for these measures, operations should be assessed to determine why this may be occurring. However, small variations in COLTS position to the market should be expected.

Exhibit 12-16
Comparison of Cost Per Hour by Year
2009 and 2010

County	2009	2010
Lee	**$26.47**	**$26.59**
Franklin & Granville*	$23.50	$23.85
Pender	$32.70	$21.32
Rutherford	$25.51	$24.67
Stanly	$42.02	$43.17
Surry**	$28.24	$29.51
Average	**$29.74**	**$28.19**

Source: FY2010 NCDOT Operating and Financial Statistics Report (http://www.ncdot.gov/nctransit/download/FY2010.pdf)

*Operate as Kerr Area Transportation Authority, serving Franklin, Granville, Vance, and Warren
**Operates under Yadkin Valley Economic Development District, serving Surry, Davie, Stokes, and Yadkin

At this time, COLTS operations are reflected positively when compared to peer data. The overall efficiency of the transportation system in Lee County appears to be in good standing.

RECOMMENDATION

Recommendation 12-5:

Retain the current provision of transportation services for the County of Lee Transit System COLTS.

With uncertainty over the pending consolidation transportation legislation being discussed in the North Carolina General Assembly, as well as the efficiency of the COLTS program as detailed in the exhibits contained in this section, the current provision of transportation services in Lee County should not be changed. Each year, the Director of Senior Services and COLTS Transportation Coordinator should monitor performance with peer counties and report on these results to the Board of County Commissioners.

FISCAL IMPACT

This recommendation has no fiscal impact.

CHAPTER 13:
FISCAL IMPACT SUMMARY

13.0 FISCAL IMPACT SUMMARY

The Evergreen Team has developed 93 recommendations in this report. Twenty-four (24) of the recommendations have fiscal implications. **Exhibit 13-1** shows the total costs and savings for study recommendations that have a fiscal impact. As can be seen, the total net savings is approximately $9.7 million over five years for efficiencies in both financial and non-financial operations in the Lee County Government. It is important to keep in mind that the identified savings and costs are incremental and cumulative.

Exhibit 13-1
Summary of Annual Costs and Savings by Year
Over Five Years for Report Recommendations

Costs and Savings	Years					Total 5-Year (Costs) or Savings	One-Time (Costs) or Savings
	2012-13	2013-14	2014-15	2015-16	2016-17		
TOTAL SAVINGS	**$2,026,627**	**$2,102,255**	**$2,131,302**	**$2,160,355**	**$2,089,415**	**$10,509,954**	
TOTAL COSTS	**($73,103)**	**($158,603)**	**($158,603)**	**($158,603)**	**($198,603)**	**($747,515)**	**($108,900)**
TOTAL NET SAVINGS	**$1,953,524**	**$1,943,652**	**$1,972,699**	**$2,001,752**	**$1,890,812**	**$9,762,439**	**($108,900)**
TOTAL FIVE-YEAR NET SAVINGS							**$9,653,539**

Exhibit 13-2 shows costs and savings by chapter for recommendations in **Chapter 2** through **Chapter 12**. There are 69 additional recommendations in this report that do not have a fiscal impact. These recommendations are included in the full report.

Exhibit 13-2
Summary of Annual Costs and Savings by Year

Chapter/Recommendation		Estimated (Costs)/Savings					Total 5-Year (Costs) or Savings	One-Time (Costs) or Savings
		2012-13	2013-14	2014-15	2015-16	2016-17		
CHAPTER 2: ADMINISTRATIVE AND ORGANIZATIONAL LEADERSHIP								
2-7	Promote Use of Laptops	$200	$200	$200	$200	$200	$1,000	
2-9	Develop Strategic Plan for Lee County Government	$0	$0	$0	$0	$0	$0	($20,000)
Chapter 2 Subtotal		**$200**	**$200**	**$200**	**$200**	**$200**	**$1,000**	**($20,000)**
CHAPTER 3: FINANCIAL MANAGEMENT								
3-4	Change the Basis of Distributing Sales Tax Collections	$800,000	$800,000	$800,000	$800,000	$800,000	$4,000,000	
3-6	Submit Budget to Government Finance Officers Association (GFOA)	($300)	($300)	($300)	($300)	($300)	($1,500)	
Chapter 3 Subtotal		**$799,700**	**$799,700**	**$799,700**	**$799,700**	**$799,700**	**$3,998,500**	**$0**
CHAPTER 4: HUMAN RESOURCES MANAGEMENT								
4-2	Obtain SHRM Memberships for Senior Human Resources Staff	($400)	($400)	($400)	($400)	($400)	($2,000)	
Chapter 4 Subtotal		**($400)**	**($400)**	**($400)**	**($400)**	**($400)**	**($2,000)**	**$0**
CHAPTER 5: TECHNOLOGY MANAGEMENT								
5-7	Pursue Project Management Certification for Two Employees	$0	($500)	($500)	($500)	($500)	($2,000)	($5,000)
Chapter 5 Subtotal		**$0**	**($500)**	**($500)**	**($500)**	**($500)**	**($2,000)**	**($5,000)**
CHAPTER 6: FACILITIES								
6-1	Implement and Update Five-Year Facilities Master Plan	$0	$25,000	$50,000	$75,000	($40,000)	$110,000	($80,000)
6-2	Initial Energy Condition Assessment Strategy	$0	$45,700	$45,700	$45,700	$45,700	$182,800	
Chapter 6 Subtotal		**$0**	**$70,700**	**$95,700**	**$120,700**	**$5,700**	**$292,800**	**($80,000)**

Exhibit 13-2 (Continued)
Summary of Annual Costs and Savings by Year

Chapter/Recommendation		Estimated (Costs)/Savings					Total 5-Year (Costs) or Savings	One-Time (Costs) or Savings
		2012-13	2013-14	2014-15	2015-16	2016-17		
CHAPTER 7: PUBLIC SAFETY								
7-5	Augment Telecommunicator Staffing	$90,960	$90,960	$90,960	$90,960	$90,960	$454,800	
Chapter 7 Subtotal		**$90,960**	**$90,960**	**$90,960**	**$90,960**	**$90,960**	**$454,800**	**$0**
CHAPTER 8: HEALTH DEPARTMENT								
8-1	Modify Nursing Staff	($72,403)	($72,403)	($72,403)	($72,403)	($72,403)	($362,015)	
8-2	Consolidate the Two Business Sections with the Health Department	$2,385	$2,385	$2,385	$2,385	$2,385	$11,925	
8-4	Reduce Environmental Health Staffing	$34,065	$34,065	$34,065	$34,065	$34,065	$170,325	
8-6	Establish a Cost Effective Credit Card Option For Fee Payments	$1,740	$2,480	$2,480	$2,480	$2,480	$11,660	
8-7	Adjust Environmental Health Fees	$6,900	$10,350	$13,800	$17,250	$20,700	$69,000	
Chapter 8 Subtotal		**($27,313)**	**($23,123)**	**($19,673)**	**($16,223)**	**($12,773)**	**($99,105)**	**$0**
CHAPTER 9: SOCIAL SERVICES DEPARTMENT								
9-4	Move Non-Social Services Functions Out of the Department of Social Services	$110,000	$110,000	$110,000	$110,000	$110,000	$550,000	
9-5	Implement a Document Management and Imaging Solution	$0	($85,000)	($85,000)	($85,000)	($85,000)	($340,000)	
9-6	Explore Technology Options to Reduce Dictation Burden	$0	$0	$0	$0	$0	$0	($2,400)
Chapter 9 Subtotal		**$110,000**	**$25,000**	**$25,000**	**$25,000**	**$25,000**	**$210,000**	**($2,400)**
CHAPTER 10: SOLID WASTE/WATER UTILITIES								
10-4	Increase Solid Waste Rates	$55,827	$55,827	$55,827	$55,827	$55,827	$279,135	
Chapter 10 Subtotal		**$55,827**	**$55,827**	**$55,827**	**$55,827**	**$55,827**	**$279,135**	**$0**

Exhibit 13-2 (Continued)
Summary of Annual Costs and Savings by Year

Chapter/Recommendation		Estimated (Costs)/Savings					Total 5-Year (Costs) or Savings	One-Time (Costs) or Savings
		2012-13	2013-14	2014-15	2015-16	2016-17		
CHAPTER 11: TAX ADMINISTRATION								
11-1	Purchase a Scanner for the Tax Department	$0	$0	$0	$0	$0	$0	($750)
11-2	Increase Fee to City of Sanford for Billing and Collecting Taxes	$58,995	$59,733	$60,330	$60,933	$61,543	$301,534	
11-3	Hire One Full-Time Staff Person for Delinquent Accounts	$140,555	$140,555	$140,555	$140,555	$140,555	$702,775	
11-5	Purchase Computer to Allow Credit Card Payments	$0	$0	$0	$0	$0	$0	($750)
Chapter 11 Subtotal		**$199,550**	**$200,288**	**$200,885**	**$201,488**	**$202,098**	**$1,004,309**	**($1,500)**
CHAPTER 12: OTHER COUNTY DEPARTMENTS/ISSUES								
12-3	Develop an Interlocal Agreement for Parks and Recreation	$600,000	$600,000	$600,000	$600,000	$600,000	$3,000,000	
12-4	Revise and Update Interlocal Agreements for Planning/Zoning and Inspections	$125,000	$125,000	$125,000	$125,000	$125,000	$625,000	
Chapter 12 Subtotal		**$725,000**	**$725,000**	**$725,000**	**$725,000**	**$725,000**	**$3,625,000**	**$0**
TOTAL SAVINGS		**$2,026,627**	**$2,102,255**	**$2,131,302**	**$2,160,355**	**$2,089,415**	**$10,509,954**	
TOTAL COSTS		**($73,103)**	**($158,603)**	**($158,603)**	**($158,603)**	**($198,603)**	**($747,515)**	**($108,900)**
TOTAL NET SAVINGS		**$1,953,524**	**$1,943,652**	**$1,972,699**	**$2,001,752**	**$1,890,812**	**$9,762,439**	**($108,900)**
TOTAL FIVE-YEAR NET SAVINGS MINUS ONE-TIME COSTS								**$9,653,539**

Source: Evergreen Solutions, 2011.