



Administration Building  
West Hearing Room  
5334 S. Prince St.  
Littleton, CO 80120  
303-795-4630  
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Nancy A. Doty, Chair, District 1  
Nancy Sharpe, District 2  
Rod Bockenfeld, District 3  
Nancy Jackson, Chair Pro-Tem, District 4  
Bill Holen, District 5

## Study Session June 21, 2016

The Arapahoe County Board of County Commissioners typically holds weekly Study Sessions on Monday and Tuesday. Study Sessions (except for Executive Sessions) are open to the public and items for discussion are included on this agenda. Agendas (except for Executive Sessions agendas) are available through the Commissioners' Office or through the County's web site at [www.arapahoegov.com](http://www.arapahoegov.com). Please note that the Board may discuss any topic relevant to County business, whether or not the topic has been specifically noticed on this agenda. In particular, the Board typically schedules time each Monday under "Committee Updates" to discuss a wide range of topics. In addition, the Board may alter the times of the meetings throughout the day, or cancel or reschedule noticed meetings. Questions about this agenda? Contact the Commissioners' Office at 303-795-4630 or by e-mail at [commissioners@arapahoegov.com](mailto:commissioners@arapahoegov.com)

### Study Session Topics

**10:45 A.M. Strategy And Performance Update (WHR)**  
*Manisha Singh, Director, Department of Strategy and Performance*

**11:00 A.M. \*Align Arapahoe - Linking County Scorecard To Department Scorecards (WHR)**

Discussion of identified links between Department/Office scorecards and the County scorecard to update the Board of County Commissioners on preliminary findings, and to share the Department of Strategy and Performance's plan to move forward

*Request: Information/Direction*

*Manisha Singh, Director, Department of Strategy and Performance*

Documents: [BSR FOR 21JUNE2016 SS.DOC](#)

### Break

**1:00 P.M. \*Request For Additional Full Time Employees And Increased Compensation For Caseworkers (WHR)**

Discussion of three requests from the Department of Human Services, as presented in a plan to increase Child and Adult Protection Caseworker Full Time Employees and compensation:

1) Add 16 FTE to adequately meet the workload demands and performance expectations; 2) Increase entry level salary for Caseworker (CW) B to \$48,000 and make appropriate compression adjustments all the way through the Division to comply with pending Fair Labor Standards Act (FLSA) rules and to improve marketability and stability as previously briefed during an earlier study session, and 3) Grant Caseworkers at 2 years of employment, a \$3000.00 retention incentive

*Request: Information/Direction*

*Cheryl Ternes, Human Services Department Director  
Angela Lytle, Human Services Deputy Director*

Documents: [BSR FOR CW FTE INCREASE AND COMPENSATION PLAN JUNE 21 2016.DOC](#), [ATTACHMENT A BSR - FAIR LABOR STANDARDS ACT 2016 \(FINAL\).DOC](#)

**1:30 P.M. \*Multi-County Software Sharing And Accounting - GovPrime (WHR)**

Discussion and request for review and approval or revision of the proposed plan from Information Technology and Finance for sharing Arapahoe County's custom software development with other Colorado counties; as well as an explanation of the accounting of any software subscriptions and impacts on the County's Human Services reimbursements

*Request: Information/Direction*

*David Bessen, Director, Information Technology  
Janet Kennedy, Director, Finance  
Tiffanie Bleau, Senior Assistant County Attorney*

Documents: [MULTI-COUNTY SHARING CUSTOM SOFTWARE AND ACCOUNTING OPTIONS.PDF](#), [BSR - HS CONNECTS GOV PRIME - FINANCE ANALYSIS.DOCX](#)

**2:30 P.M. \*Private Activity Bonds Allocations (WHR)**

Discussion of a request from Housing and Community Development Services (HCDS) staff for the Board of County Commissioners to assign the 2016 allocation of Private Activity Bonds to the Colorado Housing and Finance Authority (CHFA)

*Request: Information/Direction*

*Liana Escott, Community Development Administrator, Community Resources  
Linda Haley, Housing and Community Development Division Manager, Community Resources  
Don Klemme, Director, Community Resources  
Janet Kennedy, Director, Finance  
Tiffanie Bleau, Senior Assistant County Attorney*

Documents: [BOARD SUMMARY REPORT PAB 2016.DOCX](#)

**2:50 P.M. \*HUD CDBG Allocation Requests (WHR)**

Discussion of requests from Housing and Community Development Services (HCDS) staff to take action on the following two CDBG grant requests: 1. Revisiting the CDBG application from the Community Housing Development Association for repairs at Presidential Arms Apartments, and 2. A grant request for \$150,000 from Medici Communities for the acquisition of a property located at 3405 S Broadway, Englewood, CO 80113

*Request: Information/Direction*

*Liana Escott, Community Development Administrator, Community Resources*  
*Linda Haley, Housing and Community Development Division Manager, Community Resources*  
*Don Klemme, Director, Community Resources*  
*Janet Kennedy, Director, Finance*  
*Tiffanie Bleau, Senior Assistant County Attorney*

Documents: [2016 CDBG ALLOCATIONS CHDA AND MEDICI.DOCX](#)

**3:10 P.M. \*HOME HUD Actions (WHR)**

Discussion of a request from Housing and Community Development Services (HCDS) staff to take the following three actions on behalf of the HOME program: 1. The conversion of the Medici grant award of \$1,000,000 to an interest only loan with an option to purchase, 2. The request of HOME Community Housing Development Organization (CDHO) Operating funds in the amount of \$25,000 for the Community Housing Development Association (CHDA), and 3. The request for HOME funds from the Aurora Housing Authority in the amount of \$150,000 for the Villages of Westerly Creek phase 3 (VWC3)

*Request: Information/Direction*

*Liana Escott, Community Development Administrator, Community Resources*  
*Linda Haley, Senior Resources Division Manager, Community Resources*  
*Don Klemme, Director, Community Resources*  
*Janet Kennedy, Director, Finance*  
*Tiffanie Bleau, Senior Assistant County Attorney*

Documents: [BSR 2016 HOME ACTIONS.DOCX](#)

**\* To Be Recorded As Required By Law**

WHR - West Hearing Room

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*Please contact our office at least 3 days in advance to make arrangements.*



## Board Summary Report

**Date:** June 9, 2016  
**To:** Board of County Commissioners  
**From:** Manisha Singh  
**Subject:** Align Arapahoe Scorecards

**Direction/Information:** Sharing information on status of Performance Management Scorecards

### Request and Recommendation

The Department of Strategy and Performance is identifying links between Department/Office scorecards and the County scorecard. The purpose of this study session is to update the BoCC on preliminary findings and to share the plan to move forward.

### Background

Align Arapahoe scorecards are in place for every Department throughout the County. All scorecards have result measures to track performance. These measures were created independently with the assumption that they would link to the result measures at the County level. Recent work by the Department of Strategy and Performance has examined how well the result measures of the Department scorecards link to the result measures of the County scorecard. Preliminary analysis has found gaps and has identified opportunities to strengthen these linkages.

### Links to Align Arapahoe

Directly links to Align Arapahoe framework.

### Discussion

The Department of Strategy and Performance will work with select Departments for the remainder of 2016 to deep dive into their scorecard result measures to revise measures and identify opportunities to create more relevant links to the County scorecard where appropriate. In some cases, links will not and should not be established as the level of detail needed for a Department Director to track performance in his/her department will not be of relevance at the County level. These issues will be explored in detail at the Department level throughout the course of this project.

### Alternatives

In addition to adjusting result measures on the Department and Office scorecards, in some instances the result measures on the County scorecard will need to be revised to more easily and/or accurately capture the information desired; reflect information of interest and relevance to citizens; or to simplify the County scorecard as a whole. These changes would be proposed by Directors collectively at a future date for BoCC consideration.

**Concurrence**

This project has been shared and discussed with the E-Team. Directors are in favor of moving forward with this project.

**Reviewed By:**

Manisha Singh



## Board Summary Report

**Date:** May 20, 2016  
**To:** Board of County Commissioners  
**Through:** Cheryl Ternes, Human Services Department Director  
**From:** Angela W. Lytle, Human Services Deputy Director  
**Subject:** Increase in Child and Adult Protection Caseworker FTE and Compensation

**Direction/Information:** The Department of Human Services requests BoCC approval of the presented plan to increase Child and Adult Protection Caseworker FTE and compensation.

**Request and Recommendation:** The Department of Human Services requests approval of the Board of County Commissioners of the following components of the Child and Adult Protection Services Workforce Stability Strategic Plan:

**Request 1:** Add 16 FTE to adequately meet the workload demands and performance expectations.

**Request 2:** Increase entry level salary for Caseworker (CW) B to \$48,000 and make appropriate compression adjustments all the way through the Division to comply with pending Fair Labor Standards Act (FLSA) rules and to improve marketability and stability. The BoCC was briefed in a Study Session on March 14, 2016 regarding the FLSA proposed changes (Attachment A).

**Request 3:** Grant Caseworkers at 2 years of employment, a \$3000.00 retention incentive.

**Background:** Of the 200+ Child and Adult Protection Services (CAPS) staff, over half hold the position of Caseworker which provides primary and direct services to those served as a result of abuse and neglect. Child Protection casework has been a primary focus of conversation and study in Colorado as well as nationally with respect to the demand of the work emotionally and physically, the increasing workload associated with improved practice, accountability and public demand and the increasing challenge of recruitment and retention in this absolutely relevant field of practice. As a result, compensation and workforce expansion remains a target of discussion.

Other strategies implemented since 2014 include a hiring process improvement work group to assure proper marketing and matching to the work, hiring a full time Trainer and additional Coach for new workers to increase new worker support and preparation, added 2 full units of Intake staff to relieve workload, expansion of prevention and early intervention programs to better respond to families in need of services and re-designed the Training Unit to streamline and improve transition from new hire to

case carrying. Turnover in 2015 for case carrying caseworkers was 24%. Projected for 2016 is 22% which is a small, but notable improvement, especially when compared to national turnover rates in the case carrying areas of 35 – 40%.

While CAPS has realized some improvement in the stability of the workforce as set forth as a goal from the plan presented to and supported by the BoCC a year ago, the full strategic plan has not yet been implemented and with increasing workloads and demands stability has been further impacted. With a great deal of study and analysis the following additional components of the Strategic Plan are presented for discussion.

We have worked closely with our Human Resources Department to determine based on the most current market information as well as our own hiring experiences, if our minimum hiring salary is competitive in terms of recruitment and retention and in line with the incoming imposed federal FLSA standards. Based on these discussions and analyses, the above compensation plan has been proposed to further impact the stability of the workforce.

## **Links to Align Arapahoe**

### **Foster Safe Communities**

The Division of Child and Adult Protection Services is charged with protecting our community's most vulnerable population of children and youth at risk of abuse and neglect. The highest degree of professional competency demanded to assure that this work is done with clinical expertise and precision is vital and if present produces excellent outcomes of safe and protected children, stable families and responsive and responsible communities.

### **Discussion and Alternatives:**

#### **Request 1: Add 16 FTE to adequately meet the workload demands and performance expectations.**

**Discussion:** In 2014, Colorado conducted a statewide workload study. Since that time, the Colorado Department of Human Services (CDHS) has granted to counties based on the recommendations of that workload study, allocations to support additional Child Protection employees. In 2015, Arapahoe County was allocated funding to support 10 new caseworker FTE which was approved by the BoCC. For SFY 17 which begins July 1, 2016, Arapahoe County has been allocated \$1.1 million to support as many FTE as possible. Based on current workload data and available workforce capacity, we request 16 FTE to meet that demand. In the most recent data produced by CDHS, Arapahoe County was identified as still in need of over 45 FTE to adequately meet the workload demand, so the additional 16 FTE takes us a step closer to achieving that.

**Fiscal Impact to Request 1:** The total annualized increase to add 16 FTE (14 Caseworkers and 2 Supervisor FTE) calculates to approximately \$1,120,938. **(See Table 1 and 1a)** Arapahoe County has been allocated \$1.1 million to support the costs of the additional positions to be continued annually for as long as available.

County share is calculated at 10% for a total of \$112,094. With the Caseload Study additional allocation, vacancies and other program changes early in calendar year 2016, ACDHS would remain within our total Child and Adult Protection Services budget.

We will work with County Finance staff to determine if a budget supplemental will be necessary for the remainder of this CFY. This recommendation, if approved, will be effective July 1, 2016. The total cost for the 6 month period would be \$640,469 (County Share of \$64,047), which includes the one-time costs of \$80,000 (County Share of \$8,000).

**Table 1**  
**July 1, 2016 to December 31, 2016 (6 Months)**

FTE	Midpoint Average (B & C) Annual Salary	July 1, 2016 – December 31, 2016	Benefits at 30%	One-Time Costs at \$5000/FTE Equip & Supplies	Total	County Share
14 CW	\$52,590	\$368,130	\$110,439	\$70,000	\$548,569	\$54,857
2 Supervisors	\$63,000	\$63,000	\$18,900	\$10,000	\$91,900	\$9,190
Total		\$431,130	\$129,339	\$80,000	\$640,469	\$64,047

**Table 1a**  
**January 1, 2017 to December 31, 2017 (Full year)**

FTE	Midpoint Average (B & C) Annual Salary	January 1, 2017 – December 31, 2017	Benefits at 30%		Total	County Share
14 CW	\$52,590	\$736,260	\$220,878		\$957,138	\$95,714
2 Supervisors	\$63,000	\$126,000	\$37,800		\$163,800	\$16,380
Total		\$862,260	\$258,678		\$1,120,938*	\$112,094

*\*This amount is in excess, \$33,538, of the allocation. The excess will be absorbed by the main Child Welfare Block Grant.*

**Alternatives to Request 1:** The BoCC could approve only a portion or none of the requested increase in FTE and return unused allocation to the State to be allocated to other counties.

**Request 2:** Increase entry level salary for CW B to \$48,000 and make appropriate compression adjustments all the way through the Division to comply with pending FLSA rules and to improve marketability and stability.

**Discussion:** There are two options we have analyzed to accomplish compliance with the FLSA changes.

**Option 1- Not Recommended:** As an agency we could opt to keep salaries at their current rates and pay overtime. We are not recommending this option. The nature of casework is not conducive to a predictable 40 hour work week frequently demanding night duty work, early morning work, weekend work, travel out of state with children and families, etc. In 2014, the statewide workload study reflected an average of 44 hours per week for caseworkers without including any vacation or sick leave. Computing this alone exceeded the overall expense of raising minimum salaries for Caseworker

B positions to \$48,000. The annualized cost of paying overtime as calculated in **Table 2** is \$2,500,091. In addition to the costs of paying overtime, the management of such would be extremely challenging and costly as well. Denver, Adams, Douglas, Jefferson have all raised minimum hiring salaries for Caseworker positions in the same manner to at least the FLSA requirement with some counties opting for higher than required. Included in **Option 1, Table 2** is the cost of increasing the number or caseworkers to potentially alleviate the overtime. The calculation results in an additional need for 13.75 FTE (this would be in addition to the 16 FTE requested today.).

**Fiscal Impact of Option 1:**

**Table 2**  
**Full Year**

<b>Cost Social Caseworker Job Family</b>	<b>\$ Amount (without load)</b>
OT salaries Caseworker B All	\$1,998,454
Total annual salaries (with OT) \$63k - \$91k	
OT salaries Caseworker C All	\$501,637
Financial impact of remaining Non-exempt on 7/2/16	\$2,500,091
<b>Adding Social Caseworker B Headcount</b>	
# Social Caseworker B < \$48000	55
Equivalent headcount of 54 paid <\$48000	13.75
Annual cost of 13.5 additional FTEs (base salary only)	\$660,000

**Option 2- Recommended:** We are recommending that the minimum salaries of the Caseworker B position be raised to \$48,000 effective July 1, 2016, different from the FLSA required minimum salary of \$47,476. We recommend an effective date of July 1, 2016, rather than the FLSA imposed December 1, 2016 date. The rationale for these requests is to align the salary increases to the numerous new hires to be made by July 1, 2016 as a result of the state allocated funding to support increased work force for child protection state-wide and to allow us to increase our marketability with respect to the level of competition that will ensue as multiple counties begin to hire new child protection staff.

**Fiscal Impact of Option 2:** To raise all Caseworker B positions with a salary below the minimum of \$48,000 computes to a total annualized increase of \$88,646. **(See Table 3)**

In addition to the increase of the base salaries, compression should be considered. Impacted FTE would also be increased proportionate to the percentage increase from the range minimum to the new minimum. The annualized cost of this compression calculates to \$397,515.

In total, the increased cost to salaries and benefits (calculated at an increase of 15% for taxes and retirement) would be \$457,141 annually. County share is calculated based on the funding applied to the Caseworker B, C and Supervisor positions (100%, 80/20, or 90/10) for a total annual County Share of \$45,714 (an average of 10%) With vacancies and other program changes early in calendar year 2016, ACDHS would remain within their budget and no actual increase in County Share would be recognized.

We are currently projected to underspend our Child Welfare Block allocation for SFY 15/16 by approximately \$3.24M. We are a Managed Care Savings County (the only county with this designation) and therefore will be allowed to keep 80% of the savings to offset our county match. We have more than a sufficient child welfare block allocation to cover the annual increase estimated at \$457,141 with an estimated County Share of \$45,714 which would be included in our CFY 2017 budget.

We will work with County Finance staff to determine if a budget supplemental will be necessary for the remainder of CFY 2016. This recommendation, if approved, will be effective July 1, 2016. The total cost for the 6 month period would be \$228,570 with a County Share of \$22,857.

**Table 3**  
**Full Year**

<b>Cost Social Caseworker Job Family</b>	<b>\$ Amount (without load)</b>
Bring salaries <\$48,000 to \$48,000	\$88,646
Address compression:	
Social Caseworker B	\$151,329
Social Caseworker C	\$64,582
Supervisor	\$92,958
Financial impact of increasing salaries before 7/1/16 to meet FLSA requirement	\$397,515

**Alternatives to Request 2:**

The BoCC could approve Option 1.

The BoCC could approve Option 2, but with salary increases only to the FLSA level of \$47,760 rather than the requested \$48,000 for an annualized difference of \$104,865.

The BoCC could approve Option 2, but with an effective date of December 1<sup>st</sup>, 2016 for salary increases rather than the requested July 1, 2016 effective date for a total cost difference of \$22,606.

**Request 3: Grant at 2 years of employment, \$3000.00 retention recognition.**

**Discussion:** In 2015, 24 of 98 case carrying caseworkers left Arapahoe County for a turnover rate of 24%. Of those 24, nearly all had been employed less than two years. So far this year, 9 of 98 case carrying caseworkers have left Arapahoe County for a projected turnover rate of 22%. Again, the majority of those have been employed for less than 2 years. Data supports that if new employees remain employed beyond two years, the likelihood of them staying longer increases substantially. Therefore, as part of the Strategic Plan to increase Work Force Stability, we would like to offer a \$3000.00 retention recognition at the two year employment mark for case carrying CW B positions.

**Fiscal Impact to Request 3:** Currently, there are 57 CWB FTE who have been employed less than 2 years which could result in a maximum total of \$171,000 in requested incentives over the next 2 years. Using current turnover data, we anticipate approximately 20 FTE each year achieving the two year employment mark at an annual cost of \$60,000. We would propose a pilot of this practice for

5 years to determine the impact of such an incentive on increasing the longevity of employment in the CW B position for an estimated total cost of \$350,000 which would be funded by the Child Welfare Block Allocation with an estimated county share of \$70,000 over the 5 year pilot time period and would be included in the annual county budget.

**Alternatives to Request 3:** The BoCC could choose not to support the concept of a retention incentive or do so over a different amount of time in pilot.

**Recommended Requests in Total**

**Summary Totals – 6 Months 2016 (including benefits and one-time costs)**

	Request 1	Request 2	Request 3	Total Cost	County Share
<b>16 FTE</b>	<b>\$640,469</b>				
<b>County Share</b>	<b>\$64,047</b>				
<b>FLSA Increase</b>		<b>\$228,570</b>			
<b>County Share</b>		<b>\$22,857</b>			
<b>Retention Recognition</b>			<b>\$42,750*</b>		
<b>County Share</b>			<b>\$8,550</b>		
<b>Grand Totals</b>				<b>\$911,789</b>	<b>\$95,454</b>

*\*For 6 months only, used ¼ of total of \$350,000 as estimate for the retention.*

**Recommended Requests in Total**

**Summary Totals – Full Year 2017 (including benefits)**

	Request 1	Request 2	Request 3	Total Cost	County Share
<b>16 FTE</b>	<b>\$1,120,938</b>				
<b>County Share</b>	<b>\$112,094</b>				
<b>FLSA Increase</b>		<b>\$457,141</b>			
<b>County Share</b>		<b>\$45,714</b>			
<b>Retention Recognition</b>			<b>\$350,000</b>		
<b>County Share</b>			<b>\$70,000</b>		
<b>Grand Totals</b>				<b>\$1,928,079</b>	<b>\$227,808</b>

**Concurrence:**

The Arapahoe County Human Resources Department supports these recommendations.

**Reviewed By:**

Janet Kennedy, Finance Department Director  
 Patrick Hernandez, Human Resources Department Director  
 Michael Valentine, Deputy County Attorney for Human Services  
 Suzanna Dobbins, Human Services Finance Division Manager



ARAPAHOE COUNTY  
COLORADO'S FIRST

## Board Summary Report

**Date:** February 29, 2016  
**To:** Board of County Commissioners  
**From:** Patrick L. Hernandez  
Sue Good  
**Subject:** Fair Labor Standards Act Update

### Direction/Information

The purpose of this report is informational only to update the Board regarding proposed changes to the Fair Labor Standards Act (FLSA) that expand the jobs that are eligible for overtime compensation under FLSA as published by the Department of Labor (DOL).

### Background and Information

Employees whose jobs are governed by the FLSA are either “exempt” or “nonexempt.” Nonexempt employees are entitled to overtime pay; exempt employees are not.

For most employees whether they are exempt or nonexempt depends on:

1. How much they are paid (Salary Level Test),
2. How they are paid (Salary Basis Test), and
3. What kind of work they do (Duties Tests).

#### Salary Level Test

Currently any employee paid below the Salary Level Test threshold of \$23,660/year is considered nonexempt and is eligible for overtime, regardless of whether the Salary Basis Test or Duties Tests below are satisfied.

#### Salary Basis Test

Generally, an employee is paid on a salary basis if they have a “guaranteed minimum” amount of money they can count on receiving for any work week in which they perform “any” work.

#### Duties Tests

An employee who meets the Salary Level Test and also the Salary Basis Test is exempt only if they also perform exempt job duties. These FLSA exemptions are limited to employees who perform relatively high-level job duties. The actual job tasks must be evaluated, along with how the particular job tasks “fit” into the employer’s overall operations.

There are three typical categories of exempt job duties, call “executive,” professional,” and “administrative.”

Job duties are exempt “executive” job duties if the employee:

1. Regularly supervises two or more other employees, and also
2. Has management as the primary duty of the position, and also
3. Has some genuine input into the job status of other employees (such as hiring, firing, promotions, or assignments).

Job duties are exempt “professional” if:

1. They are traditional “learned” professions such as lawyers, doctors, dentists, teachers, architects, engineers, registered nurses.
2. Work which is predominantly intellectual, requires specialized education and involves the exercise of discretion and judgement with education beyond high school and usually beyond college.

Job duties are exempt “administrative” if office or non-manual work, which is:

1. Directly related to management or general business operations of the employer or the employer’s customers,
2. A primary component of which involves the exercise of independent judgement and discretion about matters of significance.

### **Discussion**

The Department of Labor published proposed rules that raise the Salary Level Test from \$23,660/year to \$50,440/year as the threshold has not been indexed since 1975 and requested public comment.

In addition to the proposed increase to the Salary Level Test, the DOL proposed an annual indexing to prevent the need for this type of large increase in the future.

According to the Solicitor of Labor it is expected that a final Labor Department rule will be issued late this year. The consulting community recommends that employers wait to take any action until final rules are issued as they may change as a result of public comments.

### **Financial Impact**

Employees impacted will be changed from Exempt to Non-Exempt, making them newly eligible for overtime. The change is proposed prospectively, meaning no retroactive overtime as a result of the new regulations. The exact financial impact is unknown until final regulations are issued. However, preliminary review indicates that the majority of the potential impact, if any, will be in Human Services and not in the General Fund.

### **Reviewed By**

Finance Department  
County Attorney’s Office



## Board Summary Report

**Date:** June 7, 2016  
**To:** Board of County Commissioners  
**From:** David Bessen, Information Technology Director  
**Subject:** Multi-county sharing custom software and accounting options

### Request and Recommendation

The purpose of this report is to update the Board of County Commissioners on the status and planning for sharing Arapahoe County's custom software development with other Colorado counties and how IT and Finance are planning for the accounting of any software subscriptions, as well as any impacts on the County's Human Services reimbursements. We are also requesting that the Board of Commissioners review and approve or revise these plans.

### Background

In October 2015, Information Technology came before the Board of County Commissioners to describe how staff had developed a highly effective software product that was achieving significant savings for the Human Services Department and providing better service to our citizens. At that time, the Information Technology Department also indicated to the Board that several other Colorado counties were interested in adopting the use of this software so that they, too, could benefit from its enormous efficiencies. The proposed use of the software by other counties also presented the opportunity for Arapahoe County to benefit through a cost-recovery subscription business model, whereby counties wishing to use our software would, retroactively, pay Arapahoe County for its use, allowing Arapahoe County to recoup most of its investment.

Last October, the Board approved of IT's continuing to work on developing the model for sharing the custom software. The development work is first and foremost for Arapahoe County. By building this sharing platform, the HSConnects product can be adapted for deployment in other County departments. Work is currently starting to use it for workflow and document management in the Assessor's Office. A side benefit of building the sharing platform for internal use is that we can also share the platform and software with other counties. To build this model, IT and Finance and the Attorney's will work to:

- 1) determine how to account for the investment in software development;
- 2) determine how to recoup the investment over time;
- 3) develop a draft Inter-governmental Agreement;
- 4) determine how best to support subscribing counties without spending Arapahoe County funds on that support; and

5) develop a sharing platform in the “cloud” on which the software could reside.

In the past seven months, considerable progress has been made on all of these fronts.

- 1) In 2015, approximately 2600 hours of staff time at a loaded cost of just under \$150,000 were spent developing HSConnects. By capitalizing this expense in Fund 70, the County can preserve ownership of the software and submit the expense for partial reimbursement as part of the annual Human Services cost allocation and recovery process. The plan would be to amortize this expense over a 5-year period, which would also drive the subscription cost charged to counties who wish to subscribe to use the software.
- 2) Currently, eight counties (Denver, Larimer, Pueblo, Summit, Eagle, Broomfield, Morgan and Adams) have expressed interest in using the software. The equitable model for determining a subscription rate is to divide the Arapahoe County investment in developing the software, amortized over a five-year period, by the total number of users of the software. As the majority of the investment has already been made—with additional investment for enhancements and bug fixes—the cost will be relatively fixed and as additional users subscribe, the cost per user will plummet for all adopting counties. The goal is for Arapahoe County, which will represent a fraction of the total user base, to only pay for its share; other counties will pay the majority of the amortized amounts allowing Arapahoe to recoup most of its investment over a five-year period.
- 3) An Inter-governmental Agreement (IGA) has been drafted and reviewed by the County Attorney’s office. The next step is to meet with some of the counties who are interested in subscribing to use HSConnects to ask for their input on the IGA and then to review those responses with the Arapahoe attorney. This process is expected to take 2-3 months.

**Discussion**

The Information Technology Department would like to continue work on the sharing platform, the accounting model and the inter-governmental agreements so that this software can benefit more citizens throughout the state and to recoup the majority of our original investment in the HSConnects product.

Based on discussions with interested counties, our cautious models show that Arapahoe County could collect on \$25-30,000 of new annual subscription fees as early as 2017. This amount could grow to as much as \$108-149,000 by 2022 as additional counties adopt HSConnects. Note, these amounts would be annual recurring revenues over the five-year amortization period. These numbers are only representing the eight counties which have expressed serious interest to date and their anticipated user counts. The lower numbers are the conservative estimate based on 3 adopting counties; the higher numbers are based on all 8 counties adopting the software.

In addition, the Finance Department has proposed that the County capitalize this investment, which will allow us to submit a portion of the investment cost for reimbursement through the annual Human Services allocation process.

**Alternatives**

Obviously, Arapahoe County could continue to acquire or build software as it has in the past and it could either share the custom software with no attempt to recoup the cost or simply not share it. While these

are certainly viable alternatives, neither of them will help to reduce the overall large software acquisition and maintenance expense of the IT department.

By sharing the software with the community of counties, Arapahoe can not only have excellent products to use in its departments and offices, but it can lower the TCO of those products, recouping its sunk costs. Arapahoe may also be able to benefit from the development efforts of other counties who join the sharing effort because they may offer software that we choose to use at a low cost.

**Reviewed by**

David Bessen, Information Technology Director  
Finance Department  
County Attorney (required)

# Finance Dept.'s Analysis of HS Connects/GovPrime Subscription Service Concept to the best of our knowledge as of June 16, 2016

## Choices

There is only one decision needed today. The County's Cost Allocation Plan is due June 30, 2016 for calendar year 2015. The County's IT Dept. developed a very useful piece of software it calls HS Connects in 2015, costing about \$160,000 to develop. Today we need a Board decision as to which of two options to use in filing the Cost Allocation Plan. If the Board decides to go with Option 2, we can schedule a study session later to discuss whether or not to actually sell subscription services to other Counties, once a more detailed business model is developed and evaluated.

**Option 1 – Expense Option** - Arapahoe County can recover one-third of the total development costs immediately through the Cost Allocation Plan (estimated at \$50,000 for 2015) and one-third of the total ongoing maintenance and development costs each year thereafter. By fully expensing the development costs, it is believed that the County is then precluded from selling subscriptions to other Counties to use the software later as the Federal Government will have already paid for it. The County could still give away the software for free if it so desires.

**Option 2 – Capitalization Option** - Arapahoe County can capitalize the development costs and recover those costs via depreciation over 5 years. This option can recover one-fifth of one-third of Arapahoe County's Human Services Department's pro rata share of depreciation expense in each of the 5 years and one-third of Arapahoe County's Human Services' pro rata share of the annual maintenance costs through the Cost Allocation Plan. This option is believed to preserve the ability of the County to sell subscriptions to interested Counties for their pro rata share of development, maintenance and other related costs. The formula for calculating other Counties' pro rate share would be:

$$\frac{\text{\# of users from other Counties}}{\text{Total \# of users (ArapCo Human Services, ArapCo non-Human Services and other Counties)}}$$

## Cost-Sharing/Subscription Revenue Projections

Any subscription revenues received would be dependent upon the ratio between non-Arapahoe County users and total users of the system as well as the amount of costs incurred to be recovered through subscriptions. IT provided the following table of projected development costs for both HS Connects and GovPrime for the next few years:

Year	Development Costs	
	HS Connect	GovPrime
2015	\$160,000	\$0
2016	\$215,161	\$215,161
2017	\$232,258	\$77,419
2018	\$142,835	\$0
2019	\$61,875	\$0
2020	\$63,731	\$0
2021	\$65,643	\$0

IT has provided the following table of Counties which have expressed interest in the concept and an estimate of the number of users and when they might be interested in subscribing.

County	# of Child Welfare Caseworkers	Named Users (2.32 users per caseworker)	Start Date
Arapahoe - HS	129	300	1/1/2015
Arapahoe non- HS		10+	1/1/2017
Eagle	16	37	1/1/2017
Pueblo	64	149	1/1/2017
Adams	122	284	1/1/2018
Morgan	13	30	1/1/2018
Larimer	92	214	1/1/2018
El Paso	127	295	1/1/2019
Denver	144	335	6/1/2022

**Risk/Return factors to consider include:**

- Return
  - The higher the number of users outside the County compared to the number of users inside the County, the higher the potential for cost recovery. If enough large counties join early, there is potential for significant subscription revenue
  
- Risk
  - The higher the number of users outside the County, the greater the risk of diverting key Arapahoe County IT resources away from their core function and more towards serving the needs of others.
  - The more Counties participating, the more diverse sources of requests for enhancements, the potentially higher the cost to participate. Depending on the price elasticity of the demand for the software, i.e., as the price increases with future enhancements and insurance, at what point will other Counties decide that it is not cost effective to participate or continue to participate? If they do, will it create a snowball effect as others withdraw?
  - Selling subscriptions in the cloud to use this software that handles large volumes of extremely sensitive documents being routed through workflows exposes the County to liabilities and risk that need addressed and priced by Risk Management, including cybersecurity for data breaches, E&O and other liability insurance for errors that cause injury or worse to a child or at-risk adult.
  - Will additional FTE’s be required?
  - The classic business model question: Are the risks worth the potential return?

**Breakeven Point**

There isn’t sufficient information to calculate a dollar amount for the breakeven point in deciding whether to sell subscription services for HS Connects or give access aware for free but some of the factors that would go into such a calculation would be:

- One-third of the development and maintenance costs related to Human Services use would be reimbursable anyway under the Cost Allocation Plan if no one else is paying for the software
- Costs that would not be incurred if the HS Connects were not offered for subscription:
  - The County's pro rata share of GovPrime development (\$292,580) and any maintenance costs as GovPrime would not need to be so robust.
  - The County's pro rata share of insurance premiums for Cybersecurity, E&O and other liability insurance that may not be needed otherwise
  - The value of the time IT would spend on developing, maintaining, supporting, and promoting the software that would not have otherwise been needed by the County, as well as any time involved by the County Attorney's Office, Finance and others.

**Topics to still be addressed:**

- What is the need for and cost of various types of insurance? How will that affect the subscription prices and demand?
- How will Implementations be handled – who performs, who pays, any guarantees?
- There has been discussion about expanding the use of the HSConnects software to be used by many Arapahoe County departments and offices to achieve greater efficiencies. The software may be modified to adapt to these non-Human Services users. If it is deemed to build on essentially the same software that the subscribers are paying for, the additional users could greatly dilute the ratio of paying customers, reducing Arapahoe County's potential reimbursement revenue. Conversely, if those users are not initially included but it is later determined that they should have been, Arapahoe County as well as the other subscribing Counties would have submitted inappropriately large costs for reimbursement by the federal government, which would have unpleasant consequences.
- How will the governance work? Will County IT resources be diverted to developing enhancements that only other Counties want it? Or if Arapahoe County retains veto power, will the other Counties want to pay to participate if they have no control?
- What will be the Impact on IT staff of potential service desk calls as each County comes on board?
- What if a County enters a couple of years later – do they buy in retroactively or proactively? Do early adopting counties receive rebates? If so, how does that affect Cost Allocation Plans? If not, will other Counties consider it fair?
- What's the shelf life of the software? Will all the costs be recovered before its end of life?

**Conclusion – only decision needed today is for the Cost Allocation Plan:**

Option 1 – Expense option

or

Option 2 – Capitalization option



## Board Summary Report

**Date:** May 11, 2016  
**To:** Board of County Commissioners  
**Through:** Don Klemme, Community Resources Department Director  
**From:** Liana Escott, Community Development Representative  
**Subject:** Private Activity Bond Assignment to CHFA

### Request and Recommendation

Housing and Community Development Services (HCDS) staff are requesting approval from the Board of County Commissioners to assign the 2016 allocation of Private Activity Bonds to the Colorado Housing and Finance Authority (CHFA).

### Background

Private Activity Bonds (PAB) are tax-exempt bonding authority, used either to create a loan for a project at a tax-exempt rate, or to create a mortgage credit certificate. The State of Colorado established its PAB allocation program by state statute (24-32-1701 et seq, C.R.S.) to provide for the allocation of Colorado's PAB authority.

PAB's may be used for a variety of qualifying projects, including:

- Financing new construction or acquisition/rehabilitation of housing for low and moderate income persons;
- Single-family mortgage revenue bonds or mortgage credit certificates for persons with low and moderate incomes;
- Providing low interest loans to eligible students at institutions of higher education;
- Manufacturing 'small issue' industrial development bonds;
- Qualified redevelopment bonds to acquire property in blighted areas; prepare land for redevelopment; and relocate occupants of structures on the acquired property;
- Exempt facility bonds-Hazardous waste facilities; solid waste disposal facilities, water and sewer facilities, mass commuting facilities; local district heating and cooling facilities, local electric energy or gas facilities, and multi-family housing bonds; and
- Qualified 501 (c) (3) bonds for use by non-profit hospitals and private universities.

In a number of the past 10 years, Arapahoe County has relinquished the PAB's to the State of Colorado at the end of the PAB program year. The PAB's are then redistributed throughout the State as needed. This year CHFA has reached out and asked Arapahoe County to assign our PAB's to them so that they

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can generate additional 4% Low Income Housing Tax Credit (LIHTC) deals. This has been done in the past, in 2009 and prior, the County did assign its PAB's to CHFA. The 2016 PAB allocation to Arapahoe County is: \$6,463,950.

### **Links to Align Arapahoe**

Increase Community and Regional Partnerships. Assigning the PAB bonds to CHFA promotes intergovernmental cooperation by allowing these bonds to fund 4% LIHTC projects in and around Arapahoe County.

### **Staff Recommendation**

The County does not have any interested entities for the County's PAB allocations. By assigning the PABs to CHFA we are enabling CHFA to generate more 4% LIHTC deals, the County cannot generate a 4% LIHTC independently.

Staff recommends assigning the PAB's to CHFA.

### **Alternatives**

The BOCC may choose not to assign the PAB's to CHFA and can relinquish them to the State of Colorado at the end of the PAB program year.

### **Fiscal Impact**

There is no fiscal impact to Arapahoe County as the PAB allocation is made by the federal government.

### **Attorney Comments**

#### **Reviewed By:**

Linda Haley, Housing and Community Development Division Manager  
Don Klemme, Community Resources Department Director  
Janet Kennedy, Finance Department Director  
Tiffanie Bleau, Assistant County Attorney



## Board Summary Report

**Date:** May 11, 2016

**To:** Board of County Commissioners

**Through:** Don Klemme, Director, Community Resources

**From:** Liana Escott, Community Development Administrator, Housing and Community Development Services

**Subject:** Additional CDBG Allocations

**Request:**

Housing and Community Development Services (HCDS) staff are requesting action on the following two CDBG grant requests: 1. Revisiting the CDBG application from the Community Housing Development Association for repairs at Presidential Arms Apartments and 2. A grant request for \$150,000 from Medici Communities for the acquisition of a property located at 3405 S Broadway, Englewood, CO 80113.

**Background**

**1. Revisiting the CDBG application from the Community Housing Development Association for repairs at Presidential Arms Apartments.**

The Community Housing Development Association (CHDA) applied for 2016 CDBG funds in the amount of \$225,000 for steel and concrete repairs at Presidential Arms, a 33-unit affordable housing project, located in Englewood. Staff recommended that this project not be funded, and the Board of County Commissioners agreed with staff decision.

The reason for the denial of funding was due to the fact that CHDA came to the County with a request for 47% of the project costs, and the request was 21% of the County's total CDBG allocation and 35% of the non-public service CDBG allocation. The County has HOME dollars invested in this project and staff did not feel that this was the best use of the limited 2016 CDBG funds. The only other funds into this project were CHDA's Debt, Reserves and Equity.

As a result, CHDA did reach out to other funders and has now secured funding for the project through the Colorado State Department of Housing (DOH), but there remains a gap of \$33,000. Additionally, the DOH will not contribute funds if there is no local financial support. The funding identified for the \$33,000 gap is generated from Program Income from the City of Englewood. The funding sources are as follows:

<b>SOURCES:</b>	
Owner Equity - Paid as of 4-16	19,572.65
Colorado DOH HDG	330,000.00
Arapahoe County CDBG	33,000.00
Project Reserves	70,000.00
Additional Owner Equity	21,823.86
<b>Total Uses</b>	<b>474,396.51</b>

The funding will be used for the following repairs:

<b>USES:</b>	
Architect	3,450.00
Structural Engineer	4,485.00
Environmental Testing	400.00
Construction/Demo	5,619.00
Project Management - design/bid	8,846.51
Environmental Abatement	14,080.00
Steel and Concrete Repair	390,000.00
Inspection	4,500.00
Construction Management	18,500.00
Misc. Soft Costs	200.00
Contingency - Material/labor	24,316.00
<b>Total</b>	<b>474,396.51</b>

### **Staff Recommendation**

HCDS staff recommends funding CHDA the \$33,000 for the repairs at Presidential Arm's. CHDA did make an effort to find additional funding sources, originally not identified in the original application. This is less of a financial burden on the County's CDBG program and the County does have the funding available.

### **Alternatives**

The BOCC may choose not to grant CHDA the CDBG funds needed for repair.

### **2. Take Action on a grant request for \$150,000 from Medici Communities for the acquisition of a property located at 3405 S Broadway, Englewood, CO 80113.**

Medici was awarded a 4% LIHTC award from CHFA along with a \$1 million dollar allocation from the County HOME funds. Medici plans to close on the property in June and they have revised their budget to move forward with updating and finalizing the construction budget.

There have been two unexpected items that have occurred and raised the construction budget by \$500,000. They are as follows:

1. Energy efficiency measures: CHFA's Green Communities program requires upgrades to the building standards to meet a higher level of energy efficiency. While these measures are more costly at the construction phase, it will save residents with reduced utility bills.
2. Private Utilities: Medici did not anticipate that the provision of service to the site would first require an extensive relocation of existing utility services to businesses along Broadway. Furthermore, Xcel will not provide service from the existing lines in the alley. Consequently, Medici needs to provide an extensive underground service loop extending from lines on adjacent roadways. This system requires several large borings underneath existing right of way. Furthermore, because Medici cannot utilize the pole mounted service in the alley Medici needs to locate the transformers on the ground, which is more expensive than pole mounted transformers.

Medici approached HCDS staff and asked if there were additional HOME funds available. Given the future demands for HOME funds, staff said that HOME funds were not available. Medici then asked if there were any CDBG funds available to assist with the acquisition of the property. There are funds available to assist with the acquisition of the property.

Englewood has been very supportive of this project. They are selling the parcel of land for \$500,000 and will defer the remaining payment until the project is complete. The total cost for acquisition is \$1.7 million.

### **Staff Recommendation**

HCDS staff recommends awarding Medici the \$150,000 of CDBG funds to assist with the acquisition of the property, freeing up additional funds for the additional construction costs.

### **Alternatives**

The BOCC may choose not to award the \$150,000 in CDBG funds to Medici.

### **Links to Align Arapahoe**

1. Enhance Quality of Life. Citizens' lives may be enhanced by utilizing federal HOME funds for housing activities that will benefit lower income families.

### **Fiscal Impact for both requests:**

CDBG funds are allocated by the U.S. Department of Housing and Urban Development. No County funds are affected.

### **Attorney Comments**

Study Session: June 13, 2016

**Reviewed By:**

Liana Escott, Community Development Administrator

Linda Haley, Housing and Community Development Division Manager

Don Klemme, Community Resources Department Director

Janet Kennedy, Finance Department Director

Tiffanie Bleau, Assistant County Attorney



## Board Summary Report

**Date:** May 11, 2016

**To:** Board of County Commissioners

**Through:** Don Klemme, Director, Community Resources

**From:** Liana Escott, Community Development Administrator, Housing and Community Development Services

**Subject:** HOME Commitments and Allocations

### Request:

Housing and Community Development Services (HCDS) staff are requesting to take the following three actions on behalf of the HOME program: 1. The conversion of the Medici grant award of \$1,000,000 to an interest only loan with an option to purchase. 2. The request of HOME Community Housing Development Organization (CDHO) Operating funds in the amount of \$25,000 for the Community Housing Development Association (CHDA) and 3. The Request for HOME funds from the Aurora Housing Authority in the amount of \$150,000 for the Villages of Westerly Creek phase 3 (VWC3).

### Background

#### **1. The conversion of the Medici grant award of \$1,000,000 to an interest only loan with an option to purchase.**

On March 23, 2015 the BoCC approved granting \$1,000,000 in HOME funds to Medici for the construction of 111 units of affordable housing in Englewood (3405 S Broadway, Englewood, CO 80113) known as the Broadway Lofts.

Historically the County has allocated HOME funds to non-profit, housing developers, as grants. Medici is a for-profit business, and therefore, by accepting a grant they are creating a taxable event and the \$1,000,000 would be taxed at a 40% rate, not desirable for Medici. In order to prevent the taxable event it is being proposed that the grant be converted to a loan with the following terms:

A 40 year loan with interest-only payments to be made annually at a rate of 1% (\$10,000), with payments starting once the building is occupied. Payments will only be made annually if there is sufficient cash flow, if there is not, the interest payment will be deferred to the following year.

Medici will pay in year two of the loan a \$5,000 Options fee to allow for the sale of the loan in year 20 to Medici for \$20,000.

### **Staff Recommendation**

HCDS staff recommends converting the grant to an interest-only bearing loan with the option for Medici to buy an Option to purchase the loan in year 20.

### **Alternatives**

The BOCC may choose not to convert the Medici grant to a loan, or other terms could be applied.

### **2. The request of HOME Community Housing Development Organization (CHDO) Operating funds in the amount of \$25,000 for the Community Housing Development Association (CHDA).**

CHDA, the County's CHDO, has applied for \$25,000 in Operating Expenses for the 2016 Program Year. HUD requires that Entitlement Communities use 15% of the HOME funds for CHDO activities. CHDA is the only CHDO that the County has been working with and CHDA has two potential projects planned for the coming year, both are contingent on other funding awards.

HOME allows for 5% of the HOME allocation to be used for CHDO Operating expenses. The 2016 allocation is \$541,289, 5% is \$27,064.45. The request for \$25,000 is below the 5% amount.

### **Staff Recommendation**

HCDS staff recommends awarding CHDA the \$25,000 in CHDO Operating Expenses or award a lesser amount.

### **Alternatives**

The BOCC may choose not to award CHDA \$25,000 in Operating Costs.

### **3. The Request for HOME funds from the Aurora Housing Authority in the amount of \$150,000 for the Villages of Westerly Creek phase 3 (VWC3).**

The Aurora Housing Authority (AHA) has applied for \$150,000 for phase three of the Villages of Westerly Creek project. The AHA was awarded a 4% Low Income Housing Tax Credit (LHTC) and is ready to move forward with the project. The project will create:

- 24 Senior One-Bedroom Flats
- 50 Family Townhome Units
  - o 24, 2-Bedroom Units
  - o 22, 3-Bedroom Units
  - o 4, 4-Bedroom Units

The units will be available to households at 30% - 60% of the County Area Median Income (AMI) and 6 of the units will be new Public Housing Units with 6 new Section 8 vouchers.

The total project cost is \$22,065,429. The funding sources are as follows:

<b>SOURCE</b>	<b>AMOUNT</b>	<b>% of Total</b>
Federal LIHTC	\$7,761,202	35%
State LIHTC	\$4,320,000	20%
Permanent Mortgage	\$5,600,000	25%
Aurora HOME funds	\$600,000	3%
Arapahoe County HOME funds	\$150,000	1%
State of Colorado HOME funds	\$750,000	3%
Deferred Developer's Fee	\$900,000	4%
AHA Funds	\$684,227	3%
Public Housing Capital	\$950,000	4%
Sale Proceeds 2008 Disposition	\$350,000	2%
Total	\$22,065,429	100%

### **Staff Recommendation**

HCDS staff recommends awarding the \$150,000 grant to the Aurora Housing Authority.

### **Links to Align Arapahoe**

1. Enhance Quality of Life. Citizens' lives may be enhanced by utilizing federal HOME funds for housing activities that will benefit lower income families.
2. Service First. Using HOME funds to help residents of Arapahoe County obtain stable housing will reduce the number of homeless persons and persons with inadequate housing.

### **Alternatives**

The BOCC may choose not to award the Aurora Housing Authority the \$150,000 in HOME funds or award a different amount.

### **Fiscal Impact for all three requests:**

HOME funds are allocated by the U.S. Department of Housing and Urban Development. No County funds are affected.

### **Attorney Comments**

#### **Reviewed By:**

Liana Escott, Community Development Administrator  
Linda Haley, Housing and Community Development Division Manager  
Don Klemme, Community Resources Department Director  
Janet Kennedy, Finance Department Director  
Tiffanie Bleau, Assistant County Attorney