

MARCH 11, 2009

MINUTES OF MECKLENBURG COUNTY BOARD OF COMMISSIONERS

NORTH CAROLINA
MECKLENBURG COUNTY

The Board of Commissioners of Mecklenburg County, North Carolina, met in Budget/Public Policy Session in Conference Center Room 267 of the Charlotte-Mecklenburg Government Center located at 600 East Fourth Street at 3:00 p.m. on Wednesday, March 11, 2009.

ATTENDANCE

Present: Chairman Jennifer Roberts and Commissioners
Karen Bentley, Dumont Clarke, Harold Cogdell, Jr.
Neil Cooksey, George Dunlap, Bill James
Wilma Leake and Daniel Murrey
County Manager Harry L. Jones, Sr.
County Attorney Marvin A. Bethune
Clerk to the Board Janice S. Paige

Absent: None

The meeting was called to order by Chairman Roberts.

Chairman Roberts noted the topics scheduled for discussion, 1) Closed Session Personnel Matter and 2) Capital Assessment.

(1) CLOSED SESSION PERSONNEL MATTER

Motion was made by Commissioner Leake, seconded by Commissioner James and unanimously carried with Commissioners Bentley, Clarke, Cogdell, Cooksey, Dunlap, James, Leake, Murrey, and Roberts voting yes, to go into Closed Session to discuss Personnel Matter.

The Board went into Closed Session at 3:20 p.m. and came back into Open Session at 4:26 p.m.

Chairman Roberts left the meeting and was away until noted in the minutes.

Vice-Chairman Cogdell chaired the meeting during the Chairman's absence.

(2) CAPITAL ASSESSMENT

Budget/Management Director Hyong Yi reported on the FY09 budget gap. He noted the following:

- The State is withholding the last payment on the lottery funds, which affects the county to about \$5.3 million.
- This brings the gap to \$74.40 million.
- County Departments have made reductions.
- Charlotte-Mecklenburg Schools, Central Piedmont Community College, Hospital (Indigent Care) and Outside Agencies have made reductions at the County's request
- Medicaid reimbursements will be used to help close the gap.

MARCH 11, 2009

- We have a balance in the Average Daily Membership (ADM) fund of about \$4.5 million which staff would apply towards the lost of the lottery revenue.
- The goal is to get the gap down to \$30 million and at present it's \$31.4 million.
- Property tax revenue is a little below projections.
- This situation is still fluid.
- Further federal and state actions can either help or hurt the county budgetwise. It's unknown at this time.
- March sales tax numbers are up, which is good.
- \$18 million was received in sales tax revenues, which is more than what was received in the last two months.

A copy of a handout regarding the FY2009 Budget Gap Status is on file with the Clerk to the Board.

Comments:

Commissioner James asked about ADM and lottery funds, which was addressed.

It was explained that ADM funds is money the County receives for school construction and comes from state corporate income tax. The County uses it for school debt service.

Commissioner Dunlap asked about stimulus funds, which was addressed. *It was noted that the status of these funds is unknown at this time.*

Chairman Roberts returned to the meeting and resumed chairing the meeting.

Commissioner Cogdell asked what percentage of the County's debt service is thru ADM funds. *The response was about \$9 million out of about \$250 million.*

Capital Assessment

Finance Director Dena Diorio addressed capital assessment and capacity. The following was covered.

- Actions per the Board's Strategic Planning Conference
- Actions per the Board's February 17, 2009 meeting
- Projected Debt Capacity
- FY09 Cash Flow Requirements
- Information on completed or deferred projects
- FY2011 and beyond
- Authorized and Unissued Debt
- Authorized and Unissued Debt- COPs
- Options for using available debt capacity
 - Allocate capacity based on amount of authorized/unissued debt by purpose.
 - Allocate capacity by purpose and borrow consistent amounts each year.
 - Assign capacity based on a more comprehensive ranking of projects.
- Pros and Cons with respect to the Options.
- Recommendation
 - The Board will review the project lists as prioritized by the departments.
 - Determine whether any projects should be eliminated.
 - Allocate capacity by purpose as appropriate, based on a consistent amount of borrowing each year.

A copy of the presentation is on file with the Clerk to the Board.

Comments

MARCH 11, 2009

Commissioner Cooksey asked were there any restrictions with respect to moving funds from one category to another, as it relates to the FY2009 Cash Flow Requirements information shared in the presentation. *The response was that it's limited and depends on what the bond issuance and purposes were.*

Commissioner Dunlap asked was it permissible to move funds from one area, for example, so there wouldn't be an \$18 million deficit in the schools category. *The response was that you can lend the money, but it would have to be put back. Also, the problem you run into by doing this, for example, if you took Park and Recreation money, that there are projects for Park and Recreation that need that cash; if not between now and June, it'll be needed next fiscal year.*

Commissioner Bentley asked about projects that come in under budget with respect to schools and what happens to those funds. *The response was that it just lowers their authorization because it's not cash per say.*

Commissioner Leake said she would like to receive information with respect to how much space is being leased by the County to house services.

Commissioner James said he supports Option 2 - Allocate capacity by purpose and borrow consistent amounts each year.

Commissioner James asked would the County have to go back to CMS regarding how Option 2 would impact them project wise. Commissioner James said Option 2 needs to be shared with CMS.

Commissioner Murrey said the difficulty with Option 2 is the allocation part. He said he likes Option 3 - Assign capacity based on a more comprehensive ranking of projects, but what he doesn't like is that it wouldn't get done.

Commissioner Murrey said he would like to see a mix of Option 1 and 3 or Option 2 and 3.

Commissioner Cooksey asked for clarification with respect to Option 2, which was given.

Commissioner Cooksey said he feels there are three main buckets: CMS, CPCC, and County needs.

Commissioner Cooksey said he could support Option 2.

Commissioner Bentley said she would like to see a mix of Option 2 and Option 3.

Commissioner Dunlap said he was concerned about the enrollment changes in CMS.

Commissioner Dunlap said jail diversion methods also need to be looked at, which would result in a smaller jail.

Commissioner Dunlap said one item missing from the list is a new library downtown.

It was noted that all of the authorized library projects are in the COPs bucket, however, a new downtown library is not an authorized project.

Commissioner Dunlap said there needs to be some discussion with respect to including it, otherwise, it would be after 2014 before it could be authorized.

Commissioner Cogdell said the Board has to keep in mind, the County's capacity.

Commissioner Cogdell said the Board needs to discuss how it can change the amount of debt issued and how to pay for it based on known factors.

Commissioner Cogdell said he hopes the Board will take a more disciplined approach and long

MARCH 11, 2009

term global look at the County's business modeling.

Commissioner Cogdell said he supports Option 2.

Commissioner Clarke asked about the capital budget for next fiscal year, which was addressed. *It was noted that there would not be any new projects started until FY11.*

Commissioner Clarke asked for clarification on Option 2, which was addressed.

Commissioner Cooksey left the meeting and was absent for the remainder of the meeting.

Commissioner Murrey asked for clarification on Option 2, which was addressed.

Commissioner Murrey said he was prepared to support Option 2 with the caveat that the Board does not support the current projected allocation but would leave the allocation policy open to the Board's discretion; and that a process would be developed that takes into account each year's priorities, conversations with stakeholders within that process; and the option of including or replacing projects that the Board feels at that time may have more urgent need.

Motion was made by Commissioner Murrey, seconded by Commissioner James and carried 8-0 with Commissioners Bentley, Clarke, Cogdell, Dunlap, James, Leake, Murrey, and Roberts voting yes, to direct staff to move forward with Option 2 - Allocate capacity by purpose and borrow consistent amounts each year, with a process that's built in to allow the Board to allocate big buckets; and would leave the allocation policy open to the Board's discretion; and that a process would be developed that takes into account each year's priorities, conversations with stakeholders within that process; and the option of including or replacing projects that the Board feels at that time may have more urgent need

This concluded the discussion.

Note: The above is not inclusive of every comment but is a summary.

Closed Session

Motion was made by Commissioner Leake, seconded by Commissioner Murrey and carried 8-0 with Commissioners Bentley, Clarke, Cogdell, Dunlap, James, Leake, Murrey, and Roberts voting yes, to go into Closed Session to discuss Personnel Matter.

The Board went into Closed Session at 5:46 p.m. and came back into Open Session at 5:53 p.m.

ADJOURNMENT

There being no further business to come before the Board, Chairman Roberts declared the meeting adjourned at 5:54 p.m.

Janice S. Paige, Clerk

Jennifer Roberts, Chairman