

MAY 12, 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 Tuesday, May 12, 2009.

ATTENDANCE

**Present:** Chairman Jennifer Roberts and Commissioners  
Karen Bentley, 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:** Commissioner Dumont Clarke

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*The meeting was called to order by Chairman Roberts, after which the matters below were addressed.*

**(1) SALES TAX**

Finance Director Dena Diorio gave an update on the Sales Tax distribution for May, which reflects February sales. The following was noted:

- The amount received was \$12,559,000, which is about \$1.9 million below budget for the month and \$2.4 million below budget for the month a year ago.
- Current year to date the County has collected \$136.3 million, which is \$14.9 million below budget for the year and about \$20 million below what was collected last year around this same time.
- Staff still believes its projection of \$177 million for the current year will hold.
- It's anticipated that sales for March, April, & May will be up slightly and the \$41 million that still needs to be collected between now and the end of the year is achievable.
- Staff does not feel, at this point in time, that an adjustment needs to be made to the budget projection for sales tax.

Comments

Commissioner Cogdell asked what percentage was sales tax down from what was projected. He would like to know this for the last three months. *The response was that staff would calculate that and report back.*

Commissioner James asked for clarification with respect to sales tax being down by \$1.9 million and which budget was it based on. *The response was that it was based on the original adopted budget last year.*

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Finance Director Diorio said staff did not revise monthly budgets for sales tax, that projections were done for the year. Further, that \$13.6 million needs to be collected on average, per month, for the next three months in order to meet budget.

Commissioner James asked whether staff felt even if low sales numbers continue, if staff felt things would be covered. *The response was yes.*

## **(2) BUDGET OVERVIEW**

Budget/Management Director Hyong Yi gave an update on the FY2010 Budget. The following was covered:

- FY2010 Revenue
- FY2010 Expenses
  - Debt Service/Paygo
  - Education Services
  - County Services
- County Dollars Summary
- FY10 Capital
- Board Budget Schedule

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

### Comments

Commissioner Cooksey asked what was the percentage of decrease in County revenue compared to last fiscal year. *The response was \$48,244,898, which is 5%.*

Commissioner Cooksey asked whether the County' budget has shrunken in recent history. *The response was that staff would check and report back.*

County Manager Jones said the focus should be on what's being retained. County Manager Jones said the revenue shortfall was real.

Chairman Roberts asked if the debt figure shown for 2010 includes debt service for the \$100 million that was planned to be issued in July and August. *The response was no, that the principal on that wouldn't be paid until fiscal year 2011. It was noted that some interest expense has been included on the \$100 million but the principal wouldn't kick in until 2011.*

Commissioner Cooksey asked about the 5% reduction in county funds, which was addressed.

It was noted that Paygo was rolled up in the general debt service.

Commissioner Murrey asked about sales taxes and whether the Board should be planning on \$11 million per month, which was addressed.

Commissioner Murrey asked about the fair share concept and whether this meant everyone gets cut 9%. *The response was this was a general amount, but for some it could be 9% and for some more.*

Commissioner Murrey said he was uncomfortable with the \$34 million decrease for Charlotte/Mecklenburg Schools.

County Manager Jones addressed the process used for getting cuts.

Commissioner Murrey addressed pay raises and said he wanted the Board to discuss perhaps not

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receiving a pay raise for FY10, since County employees would not be receiving one. *It was noted that this would be discussed later in the meeting.*

Commissioner Dunlap asked about CMS funding that may be received from the City of Charlotte's Safe Light program, which was addressed. *It was noted that these funds would fall under the category of fines and forfeitures and would be treated as such.*

Chairman Roberts asked was it a legal requirement that fines and forfeitures be handled the way that they're currently being handled. *Attorney Bethune said this practice has been in place for 25 years, but that it doesn't have to be done this way.*

Commissioner Dunlap asked was property taxes up or down. *The response was that for 2010 the property tax is growing about 2.6%, which pushes the County over about \$100 billion worth of assessed value. This includes real and personal property. With respect to the collection rate, the County is running at about a 95.6% collection rate, which is lower than where it was last year this time, which was at 97.5%.*

Commissioner Dunlap asked about Paygo and whether those funds could be placed somewhere else in the budget, and if so, what would be the impact. *The response was there would be capital projects that would not get done. Further, if the Board took such action, it would be violating its debt policy, which would subsequently impact the County's credit rating.*

Commissioner Dunlap asked about the financial impact of making salary adjustments for those employees under market. *The response was about \$2 million.*

Commissioner Dunlap referenced the Ten-Year Plan for Homelessness and asked was there anything in the budget to address this issue. *County Manager Jones said there's no increase being recommended beyond what's currently being funded for homelessness services.*

Commissioner Dunlap asked what it would cost to have 250 more beds for the homeless. *The response was that a specific figure is unknown at this time because this would not be something that the County would fund alone.*

County Manager Jones addressed the 9% cuts and also Paygo.

County Manager Jones said on the surface the \$34 million decrease for Charlotte/Mecklenburg Schools (CMS) is a "big" number and that the Board should be uncomfortable with it if you're advocates for education, however, the Board should also be "uncomfortable" with the \$38 million decrease in County services.

County Manager Jones said that's where the "collision" is because if you cut on the County services side, that \$38 million is going to continue to grow.

County Manager Jones said at a future meeting, staff will show the Board the impact of not funding the increase for Paygo.

Commissioner James asked how much CMS was anticipating receiving in federal stimulus money for FY10. *The response was that \$56 million is anticipated and that a portion of it goes to Title I and IDA. There's also going to be \$1.4 billion available through an application process, the fiscal stabilization fund.*

Commissioner James asked was the \$56 million for fiscal year 09-10. *The response was that it would be two-year funding.*

Commissioner James said the expected federal stimulus funding is something the Board needs to discuss with the Board of Education.

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Commissioner James asked when would the Board of Education be approving their budget. *The response was that it's on the Board of Education's agenda for tonight's meeting, May 12, 2009.*

Commissioner James asked what would be the benefit of having a joint meeting with the Board of Education if they vote to approve Dr. Gorman's recommended budget.

Chairman Roberts said it would give the two Boards the opportunity to ask questions regarding that portion of the County's budget that goes to schools.

County Manager Jones said there's a revenue reality that there's going to be reductions in somebody's budget this fiscal year.

Commissioner Leake expressed concern for lower paid employees. Commissioner Leake said she doesn't want the County to suffer in order to support CMS, even though she supports education.

Commissioner Leake addressed Title I and Title II funds received by CMS.

Commissioner Leake said she would like answers to the following:

- How will the Board justify and can the Board pay County employees to be in equity with other workers within the county, as it relates to school board and City of Charlotte employees?
- How will the Board, the community, and other agencies address homelessness?
- How will the Board hold the Board of Education accountable for the funds it provides for education and escrow for teachers to receive a supplement?

*Staff's response to Commissioner Leake was that they would report back with answers.*

Commissioner Cooksey asked about the process at this point for moving forward with respect to the Board of Education adopting its budget and the adoption of the County's budget. *County Manager Jones explained the process.*

Commissioner Cogdell asked about the amount placed in the budget for interest on issuance of new debt. *The response was \$2 million.*

Commissioner Cogdell said the Board was going to have to work within the parameters of its current financial situation.

Commissioner Leake asked about the position she read about in the newspaper (that of Richard Jacobsen, former Director of Social Services) and asked how does that equate back into the budget.

Chairman Roberts said this position would be discussed during the budget process.

County Manager Jones said the position is included in the County Manager's Office budget. Further, that the County has an agreement with Mr. Jacobsen and with the University of N. C. at Charlotte' Institute of Social Change that runs to February 2010. County Manager Jones said he did not act independently with respect to entering the MOU, that he consulted with the Board and the Board concurred.

Commissioner James thanked County Manager Jones and staff for the work they've done with keeping the Board updated as it relates to the FY10 budget. Commissioner James said the updates have provided clarity in an environment that could easily cause confusion, in light of the economic times.

Commissioner James asked about the process to be used for straw voting during budget deliberations. *Chairman Roberts said it was too early to say at this point.*

(3) OUTSIDE AGENCIES

Budget/Management Director Hyong Yi addressed Outside Agencies.

Comments

Chairman Roberts asked for clarification of those outside agencies where the information provided said no review. *The response was that they would fall in the County's regular program review cycle.*

Commissioner James asked had consideration been given to rolling over the following programs into CMS' budget: Communities in Schools, Partners in Out-of-School Time, CCSJ, and the YMCA Starfish Academy. *The response was that discussion did not take place with CMS.*

Commissioner James asked County Manager Jones about the outside agencies whose funding is recommended to be phased out in two years. He asked why not cut them out now. *The response was the rationale that was used, was to not be so "abrupt" because some of the agencies have assets they would need to dispose of. Thus, staff decided why not look at a sunset of the program over a period of three years, rather doing it at one time and that this would be a fair way to make the reductions.*

Commissioner James said his experience is that programs never get phased out.

Commissioner James said outside agencies should be treated the same as employees, with respect to notification of when they'll no longer be employed.

County Manager Jones said he would be making a recommendation to the Board and that the Board was free to make any additional cuts it likes.

Commissioner Cooksey asked whether discussions had occurred with outside agencies regarding the County Manager's recommendation. *The response was yes.*

Commissioner Cooksey said he would like to know the terms of the contracts with outside agencies.

Commissioner Dunlap addressed the need for outside agencies to move to self-sufficiency, especially those that have received funding from the County for years.

Commissioner Dunlap asked was there a sunset for agencies that have received funding from the County for more than three years. *The response was no, not if they're still performing at a high level.*

Commissioner Dunlap asked for clarification with respect to funding the Arts and Science Council. *It was noted the Arts and Science Council is funded in two different areas. The first is the contractual arrangement for management of Spirit Square. The second is the Cultural Education grant that they run, ArtsTeach and the Cultural Diversity grant.*

Commissioner Dunlap asked at what point would discussions take place regarding the possibility of merging similar or duplicate programs. *The response was that during the County Manager's budget presentation he will share with the Board discussions he has had with at least two agencies around studying the potential for consolidation. Staff has identified others that may have duplication of services and the County Manager will be contacting those agencies.*

County Manager Jones said one issue that has to be kept in mind, is that many of these agencies, with the funding level that they have, really don't have the capacity to undertake the sort of technical analysis that needs to be done.

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County Manager Jones noted also that for the two agencies he has spoken with and will be reporting on to the Board, the County's Strategic Organizational Improvement (SOI) Office will be assisting those agencies in doing an analysis, but it may be necessary to hire a consultant at some point.

Commissioner Murrey said it should be remembered that some of the outside agencies are providing services that the County would otherwise have to provide.

Commissioner Murrey said he hates to see high performing agencies being cut and thinks this is something the Board needs to discuss and give consideration to.

Commissioner Cogdell asked for more information on the tangible value of the Arts and Science Council Cultural Diversity grant.

Commissioner Leake said she's concerned when an agency (Partners In Out of School Time Middle School Matters - POST) receives funding from the County and then turns those funds over to the Foundation of the Carolinas ("where it draws interest") and then opts itself to direct how those funds are moved. Commissioner Leake said she thinks this is out of order.

Commissioner Leake said she's concerned that one individual makes the decision of where funds are going to be allocated. Commissioner Leake stated also that it's her understanding that funds were given to a group of people that live in Baltimore, Maryland from P.O.S.T. Commissioner Leake said she thought funds were to remain in Mecklenburg County and asked if this was correct.

County Manager Jones said that would be the hope. He said he was not aware of any group from outside of Mecklenburg County being funded, but staff would verify this.

Commissioner Leake said she also wants information on funding for AIDS.

Director Yi said he would provide the Board with information on all of the outside agencies and what it is they do.

Commissioner Leake said she would like to know which outside agency receives the most funding.

Commissioner Bentley said it would be good to also show the linkage to County departments and what they augment or supplement.

#### **(4) BOARD OF COMMISSIONERS COMPENSATION**

Budget/Management Director Hyong Yi addressed Board Compensation. It was noted that according to the Board's policy, which was adopted in 2004, Commissioners' compensation for an upcoming fiscal year would be based on or equal to the average increase earned by County employees during the current fiscal year (the year prior to the budget being adopted).

Director Yi said it's a lagging increase.

For example, if employees, in fiscal year 09 received a three percent salary increase, then in fiscal year 10, Commissioners would receive a three percent increase. The challenge comes in fiscal year 10 because employees will not be receiving an increase, but Commissioners will. Likewise, in 2011, the Board would not receive an increase because the 2010 increase for employees was zero.

Comments

Commissioner Cooksey asked why was there a lag. *The response was that's how the policy*

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*adopted by the Board in previous years was worded.*

Commissioner James addressed the history of the Board's compensation and said that it was felt at the time the policy was approved that this was the best way to remove the politics out of the decision with respect to Board compensation, that the Board would receive whatever the average increase was to be for employees annually.

Commissioner Dunlap said the Board of Education handles its compensation in the same manner, except that it's based on the average increase for the upcoming budget year rather than the previous budget year.

*Chairman Roberts left the meeting and was absent for the remainder of the meeting.*

*Vice-Chairman Cogdell chaired the remainder of the meeting.*

Commissioner James said he wasn't aware there was a lag until now.

Commissioner Murrey said he brought this matter up, because he feels if County employees aren't going to receive a salary increase for FY10, then Commissioners shouldn't either. However, based on the current policy, the Board would receive an increase because the Board would receive the average increase for FY09.

Commissioner Murrey said it would be better if the policy read that the increase would be based on whatever amount employees would receive for any given year.

Motion was made by Commissioner James, seconded by Commissioner Leake, to amend the Board's Compensation Policy to state that Commissioners would receive an increase equal to the average increase earned by County employees during the current fiscal year (the year the budget is being adopted for a particular fiscal year).

After further discussion, it was decided that a motion was not necessary at this time.

Staff will revise the policy and bring the matter back to the Board for a vote.

## **ADJOURNMENT**

Motion was made by Commissioner Murrey, seconded by Commissioner Bentley and carried 7-0 with Commissioners Bentley, Cogdell, Cooksey, Dunlap, James, Leake, and Murrey voting yes, that there being no further business to come before the Board that the meeting be adjourned at 5:25 p.m.

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Janice S. Paige, Clerk

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Jennifer Roberts, Chairman

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Harold Cogdell, Jr., Vice-Chairman