

JANUARY 5, 2010

MINUTES OF MECKLENBURG COUNTY BOARD OF COMMISSIONERS

NORTH CAROLINA
MECKLENBURG COUNTY

The Board of Commissioners of Mecklenburg County, North Carolina, met in Informal Session in the Meeting Chamber Conference Room of the Charlotte-Mecklenburg Government Center located at 600 East Fourth Street at 5:00 p.m. and in Formal Session in the Meeting Chamber of the Charlotte-Mecklenburg Government Center at 6:00 p.m. on Tuesday, January 5, 2010.

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

-INFORMAL SESSION-

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

(1) STAFF BRIEFINGS – NONE

**(2) CLOSED SESSION – A) BUSINESS LOCATION AND EXPANSION, B)
CONSULT WITH ATTORNEY**

Prior to going into Closed Session, Attorney Bethune announced there was no Consult with Attorney matter to be discussed in Closed Session.

Motion was made by Commissioner James, seconded by Commissioner Murrey and unanimously carried with Commissioners Bentley, Clarke, Cogdell, Cooksey, Dunlap, James, Leake, Murrey and Roberts voting yes, to go into Closed Session for the following purpose: A) Business Location and Expansion.

The Board went into Closed Session at 5:27 p.m. and came back into Open Session at 6:02 p.m.

(3) REMOVAL OF ITEMS FROM CONSENT

The Board identified item(s) they wanted removed from consent and voted upon separately. The items identified were Items 8 and 12.

The Board then proceeded to the Meeting Chamber for the remainder of the meeting.

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-FORMAL SESSION-

Invocation was given by Commissioner Roberts, which was followed by the Pledge of Allegiance to the Flag and introductions; after which, the matters below were addressed.

Prior to the start of the business portion of the meeting, Chairman Roberts made the following statement, as a point of personal privilege. She requested her remarks be incorporated into the minutes.

“This Board did not end its work very gracefully in 2009. I do not want to make a political statement by calling for a vote to censure a specific commissioner. The sad truth of our society is that many believe that because of the First Amendment, they have a right to say prejudiced and hateful things, anywhere they want, without apology.

But the behavior displayed on December 15, 2009, was unbecoming of an elected representative and leader of the people of Mecklenburg County. As was made clear in the reaction, it was callous, hurtful, and unnecessary.

I will use this as an opportunity to remind my fellow Board members that our conversation in public, whether before the cameras in our public meetings or in our public emails, goes beyond the principles of the First Amendment. There are certain words which are known to be inflammatory, hateful, bullying, and provocative, and they include terms we all recognize (the N word for African American, the B word for women, and the H word for gays and homosexuals). These names have no place in civil discourse.

Every commissioner on this board has a right to voice their views, and those views may be widely divergent from each other. However, I urge my colleagues to seek to hold our discourse to the principles of civility, human decency, and mutual respect, and that the use of slurs, inflammatory language, curses, name calling, etc. represents behavior unbecoming of a member serving on this board, here in the most populous county in the great state of North Carolina. Words matter and attitudes matter, and I expect each member of this board to respect the worth and dignity of every other member and of every citizen who appears before us or who voices their concerns by letter or email. Each of us has been duly elected to serve selflessly the citizens of this county, and in a democracy there is no greater responsibility than this.

I have high hopes for 2010. I believe that our economy has turned the corner, and that together we as a Board can meet the budgetary and policy challenges ahead with collaboration, innovation, integrity, inclusion, hard work and at times, useful disagreement. But disagreement for the sake of demeaning ones opponent is not useful. As your Chairman for 2010, I will fulfill my duty to shepherd our discussions toward substantive debate to pursue policies and initiatives that are in the best interests of all our citizens, regardless of gender, race, religion, sexual orientation, socio-economic status, ethnicity, or age. By practicing mutual respect and civil discourse among ourselves, we can forge a path forward to a realization that we are one community, bound by a common destiny, and we will succeed or fail together. We look forward to a peaceful, prosperous, and productive 2010.”

CITIZEN PARTICIPATION

(1) PROCLAMATIONS AND AWARDS - NONE

(2) PUBLIC APPEARANCE

The following persons appeared to speak during the Public Appearance portion of the meeting:

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Joe Huss spoke in opposition to Domestic Partner Benefits for County employees. Prior to his comments regarding Domestic Partner Benefits, Mr. Huss said he has never used “derogatory, harassing, or demeaning” language in addressing homosexuality. Mr. Huss said he has friends of this “persuasion” and he’s always treated them with respect. Mr. Huss said his friends know he’s “against what they do,” but he doesn’t “put it in their face.” Mr. Huss expressed his regret to Commissioner Leake for the comment made by Commissioner James regarding the lost of her son at the December 15, 2009 meeting. Mr. Huss said he was sorry for her lost regardless of the circumstances. Mr. Huss said Commissioner Leake’s comment that her son died of AIDS at the December 15, 2009 to him was “irrelevant.” Mr. Huss said it was irrelevant, except for the “fact that maybe by approving Domestic Partner Benefits we’re being an enabler.” Mr. Huss said providing Domestic Partner Benefits goes “beyond tolerance, it’s sanctioning.”

Adrian DeVore thanked the Board for approving Domestic Partner Benefits for County employees for same sex couples. Ms. DeVore said as a “straight” person, she has been interested, as a part of civil rights and liberties, gay rights. Ms. DeVore said people who are “sexual minorities” desire the same rights and liberties as everyone else. Ms. DeVore expressed belated condolences to Commissioner Leake at the passing of her son years ago. Ms. DeVore addressed Commissioner James and told him “the world is changing LGBT’s are openly moving into the mainstream of Charlotte and Mecklenburg County” and that it’s time for him to “either adjust or remain left behind.” Ms. DeVore suggested to Commissioner James that he apologize to Commissioner Leake for his “insensitive and inexcusable comments” at the December 15, 2009 meeting.

APPOINTMENTS - NONE

PUBLIC HEARINGS – NONE

ADVISORY COMMITTEE REPORTS – NONE

MANAGER’S REPORT

(6A) COUNCIL ON AGING & CHARLOTTE-MECKLENBURG SENIOR CENTERS MERGER FEASIBILITY STUDY UPDATE

The Board received an update on the Council on Aging and Charlotte-Mecklenburg Senior Centers merger feasibility.

Note: During the FY10 budget development process, County Manager Jones requested staff to identify a list of County-funded outside agencies that should explore the feasibility of merging. The Council on Aging (CoA) and Charlotte-Mecklenburg Senior Centers (Senior Centers) were two of the agencies. In response, the Council on Aging and Senior Centers researched best practices and lessons learned, as well as conducted a macro-level assessment of the viability of a merger. This agenda item was to update the Board on the status of the study and the decision made by the agencies.

Gerald G. Fox, former Mecklenburg County Manager and chair of the Council on Aging and Jennifer Scott, president of the Senior Centers’ Board of Directors, gave the report, which included a review of the services provided by each agency.

Report highlights:

- Both agencies focus on improving the well being of seniors.

- In general, the work of the two agencies complements each other.
 - It is unknown if there is any duplication of clients served, particularly as it relates to
 - dissemination of information.
 - With regards to other aspects of service delivery, duplication in customers served is probably minimal.
 - It is unknown if the County funding level would change if the two agencies were to merge. However, given the economic climate, the County's funding capacity may be reduced.
 - If the two agencies merged, there are potential financial savings and operational efficiencies that could be gained. It is estimated that approximately \$82,000 could be saved annually by eliminating duplicative positions – 1 Executive Director and 1 Executive Assistant – and appropriating the higher salaries for the remaining positions. Additionally, there is opportunity to leverage the Fund Development Director & Business Director positions and to renegotiate equipment and service contracts for coverage of both agencies (e.g., audit firm; liability insurance; medical benefits; and copier, mail, technology support, telephone and internet services). The cost savings (if any) associated with consolidating contracts is yet to be determined.
 - Operational exposure is minimal for merging the two agencies. However, there are inherent considerations to include upfront merger costs, existing lease agreements and liability insurance.
- **Options**
 1. Operate as Independent Agencies
 2. Realize Operational Efficiencies
 - a. Leverage staff expertise and back office functions
 - b. Renegotiate equipment and service contracts
 3. Consolidate & Restructure
- The Council on Aging and Senior Centers are proceeding with Option 2a because it provides the most cost effective option in the short-term. As equipment and service contracts expire the agencies will also partner to identify cost savings that can be realized through the renegotiation of joint service contracts.
 - The feasibility of a merger has not been ruled out; however, it is presumed that the most optimal gain would occur if the two agencies could collocate and subsequently operate as a centralized senior organization.

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

Comments

County Manager Jones noted the agencies have decided to go with Option 2, which involves Realizing Operational Efficiencies by 1) Leverage staff expertise and back office functions and 2) Renegotiate equipment and service contracts as contracts expire to identify cost savings that can be realized through the renegotiation of joint service contracts.

County Manager Jones noted also the agencies acknowledgement that the feasibility of a merger has not been ruled out, but at this time, they have decided to move forward in this manner, since there has not been a finding of duplicity.

County Manager Jones said the study grew out of one of the themes he presented to the Board as part of the budget process last year that the County needed to start thinking differently about how services are provided. He said it was not an effort on his part to “force” a merger but to hopefully

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engage in some fruitful dialogue that if a merger was feasible then it could be undertaken and done in a way consistent with how the County does business.

County Manager Jones thanked both agencies for their willingness to go through this process. He also thanked staff for its work.

Commissioner Leake requested a copy of each agencies budget and site location(s). Commissioner Leake said she would also like to know if a merger were to take place how would it save taxpayer money. Also, what would be the cost of a merger.

County Manager Jones noted that the recommendation was not to merge the two agencies.

Commissioner Leake asked about staffing levels at each agency, the diversity of that staff, and site locations and accessibility, which was addressed.

Commissioner Bentley asked for clarification regarding the Centralina Area Agency on Aging, which was addressed by Trina Palmer, executive director of the Charlotte-Mecklenburg Senior Centers. It was noted that Centralina Area Agency on Aging is a part of the Centralina Council of Government and that they do planning for all nine counties in the region.

Commissioner Cogdell noted the expected increase in the senior population in Mecklenburg County over the next five years.

This concluded the presentation and discussion. No action was taken or required.

Note: The above is not inclusive of every comment but is a summary of key points/questions.

(6B) MECKLENBURG COUNTY CHILD SUPPORT ENFORCEMENT TRANSITION PLAN

The Board received information comparing the cost of providing Child Support Enforcement Services in-house, as a program in the County Manager's Office, versus outsourcing through a private vendor.

Note: Effective July 1, 2010 the County must begin administering local Child Support Enforcement (CSE) services.

County Manager Jones said a request was made to the State for an extension of time for the submittal of the County's transition plan for providing Child Support Enforcement (CSE) services which was originally due by January 1, 2010. The State has acknowledged the County's request and the County's transition plan is now due to the State by February 1, 2010.

General Manager Michelle Lancaster gave the report. She was assisted by Deputy Finance Director Gail Murchison. The following was covered:

- History of the legislation regarding this issue (Section 10.46 of S.L. 2009-451)
- CSE Core Services
- Organizational Models Reviewed
 - In House: Managed solely by the County
 - In House: Managed by the County with Private Consultant Input
 - Outsource: Operate through contract with a Private Company
- Budget Estimate Considerations
- Employee Benefit Considerations (addressed by Deputy Finance Director Murchison)
 - Service credits for years and months of employee service
 - Retirement Benefits: Pension
 - Retirement Benefits: Medical

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- Vacation
- Sick Leave
- Next Steps
 - January 12, 2010: Information presentation regarding 1) Key differences between service delivery methods, 2) Additional information regarding outsourcing, 3) Transition strategy for all options.
 - January 20, 2010: Summary presentation and request for Board action regarding preferred service delivery method.

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

Comments

Commissioner Clarke asked for clarification regarding Other Post Employment Benefits (OPEB), which was addressed.

Commissioner James asked for clarification regarding costs, County vs. outsourcing, which was addressed.

Commissioner James asked for clarification regarding pension benefits and service credits for years and months of service, which was addressed.

Commissioner James asked was it correct if CSE employees became County employees that the additional cost to the County would be a function of how much the County would be paying them compared to how much they were making and what the pension credit is. *Deputy Finance Director Murchison said if the County was paying that itself, that would be the case, but the County doesn't pay the individual check and that it's not calculated individually. She said it's calculated based on the entire State's plan. She said all the County is required to fund is the employer's portion of the gross salaries.*

Commissioner James asked was the County's policy to transfer some of the benefits but not all because the County just hasn't looked at it that way. *Deputy Finance Director Murchison said she would have to follow-up with Human Resources Director Chris Peek for a response to that question.*

Commissioner James, as an example, said he doesn't know why that if you could transfer the pension, why you wouldn't transfer the OPEB. *Attorney Bethune said the pension rule was a State rule. He said the County doesn't have a choice as to whether they can or cannot transfer over to local government. Further, that what the Board is seeing is a mixture of State rules and County rules, which is why there will be some inconsistencies regarding what can and cannot be transferred.*

Commissioner Dunlap asked if the County has the ability to "buy" talent. Commissioner Dunlap said if the County has the ability to "buy" talent, then that means if the County is concerned about who's in charge, the County could contract with that person to perform the service of management of that division if we didn't want to give it to the person who would rightly manage that division. Commissioner Dunlap said he felt the County could do it substantially less than what's been presented with respect to the internal consultant cost.

Commissioner Dunlap asked for clarification regarding the consultants cost, which was addressed. *General Manager Lancaster said she doesn't think the use of the term consultant means only one person. She said what it means is that you would be receiving services from these private firms to help manage the internal process.*

Commissioner Dunlap said since the December 15, 2009 meeting, he has received some additional information that he thinks isn't included in the report that he thinks is beneficial.

Commissioner Dunlap said he'd like there to be a closer look at some of the companies in terms

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of what they offer and what they do in terms of their services. Further, that when he received information regarding the job requirements and skill sets that the companies ask for when hiring, he found they hire people whose skills are substantially less than persons currently employed with CSE. Commissioner Dunlap said he thinks that will have an impact on the recovery rate in terms of the amount of money that is recovered.

Commissioner Dunlap said he discovered that among those counties that do outsource, none of those counties collection rate top Mecklenburg County despite Mecklenburg County's ranking, which he said he found out was not reflective of what goes on in that division.

Commissioner Dunlap said he's concerned about whether these companies would have the ability to terminate cases. He said he heard about a case that was worked on for about seven years and they finally had a substantial pay off. Commissioner Dunlap said his concern is that if you privatize, whether or not they have that same commitment and dedication to pursue people who owe monies to children.

Commissioner Dunlap said although he supports outsourcing, he thinks performance is important and that although companies bid, their performance really isn't known.

Commissioner Dunlap said with respect to cost, including the federally funded portion, that he doesn't understand why County on average figure the cost at \$320,000 higher and why on average the County funded portion is \$160,000 higher. Commissioner Dunlap said the numbers were "out of proportion" and calls into question the two companies with the low bid whether they're actually bidding to "get you in the first year and raise the cost the second year." Or, if they're actual numbers because even the highest bidder is closely related to the County's bid to do the same job then the other two.

Commissioner Dunlap said he can't understand that if you're performing the same service with the same group of people why the cost is substantially higher.

Commissioner Dunlap asked if staff looked into what these other companies were not going to pay for that the County was going to pay for. He asked "were we comparing apples to apples."

Commissioner Dunlap said he thinks staff needs to take a closer look at the numbers and what they actually say.

Commissioner Dunlap said he has additional information that he probably needs to share with fellow board members in terms of some additional research that was done about the whole "notion" of these companies wanting to take over this function.

Commissioner Dunlap asked if staff knew whether the federal incentive dollars would go directly to the County or to the company if this was outsourced. *General Manager Lancaster said she believes the way it works is that it goes to the state and the state disburses it to the county and ultimately to how the County negotiates with the vendor.*

Commissioner Dunlap asked how would those additional incentive dollars impact the County if they came directly to the County. He asked would it offset the \$160,000 difference in terms of what it would cost the County to run the program versus outsourcing.

General Manager Lancaster said the incentive dollars are all the same in all of the estimates. General Manager Lancaster said staff used the averages from the last three years in order to be consistent in all of the estimates in every model.

Commissioner Dunlap said the County funded portion was not consistent in all models.

General Manager Lancaster said the County funded portion was consistent 34% but the dollar amount will be different. Further, that one of the reasons for that is the salary dollars. She said what staff did in looking at the type of positions at CSE, was to have human resources slot those

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positions into what the county believes are comparable positions within the County's system and used the county's market rate. It was noted that the county's market rate is higher than what the state pays so there would be some increase cost in that area, that you don't necessarily see in the other models.

Commissioner Dunlap asked was it correct if CSE goes to a private vendor then CSE employees would make less. *General Manager Lancaster said one of the requirements that staff mentioned at the December 15, 2009 meeting was that the vendor would be required to maintain those employees current salaries.*

Commissioner Dunlap asked would they also be required to maintain all of the employees. *General Manager Lancaster said staff would be willing to negotiate that with the vendor.*

Commissioner Dunlap asked would the negotiation make up the difference of \$160,000 because basically what's being looked at is \$160,000 additional costs were the County to operate the program versus outsourcing.

General Manager Lancaster said cost was not the primary factor in staff's decision to recommend outsourcing.

County Manager Jones said in response to Commissioner Dunlap's question regarding does the County "buy" talent, he said the answer was yes.

Commissioner Dunlap asked if the County had the ability to "buy" talent at a substantially lower rate than what the vendors are going to charge. *County Manager Jones said he couldn't answer that.*

Chairman Roberts said this matter would be discussed at the Board's Budget/Public Policy meeting on January 12, 2010 and if there were additional questions for staff that Board members provide staff with those questions in the interim.

General Manager Lancaster asked that if Board members have additional information regarding this issue that staff doesn't have to share that information with staff.

Commissioner Leake said her concern was that the current CSE employees be maintained. Commissioner Leake said outsourcing bothers her because a lot of times private companies will not maintain the same number of staff.

Commissioner Leake asked had staff looked at the success rate of the vendors who have expressed an interest. *General Manager Lancaster said she had not but that there was a team that have looked at the vendors and met with them. General Manager Lancaster said the intent was that after the Board decides how it wants to transition, then staff would move forward with that process.*

Commissioner Leake said she felt that's something that should be done "up front," so that the Board can make a comparison before making its decision.

Commissioner Cooksey asked was a formal Request for Proposal (RFP) sent out. *General Manager Lancaster said these were responses to the formal RFP that was issued late last year.*

Commissioner Cooksey said "presumably" when there's a RFP you wouldn't average the three costs but would take the lowest responsible bidder. *General Manager Lancaster said staff would*

take a "base qualifications" approach and look to see who's most qualified and considering "value."

Commissioner Cooksey asked was price an issue. *General Manager Lancaster said it was an*

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issue but not the only issue. General Manager Lancaster said a lot of past discussions regarding this issue have been around performance. She said the team that looked at this found that performance was stronger around the state in areas that were privatized.

General Manager Lancaster reminded the Board this was an area the County has no experience internally. General Manager Lancaster said she knows there's been some debate about the statistics used, but the information she has is that Mecklenburg County ranks 82 out of 88 CSE offices in the state. General Manager Lancaster said staff's preference would be to use a private consultant for at least a short term, two years, until staff "got its arms around this." General Manager Lancaster said this was a large endeavor, larger than most County departments (it involves 75 people).

Commissioner Cooksey asked what kind of assumptions did staff put on the bidders in the RFP, for example, did it say they would have to maintain a certain level of benefits for the employees. *General Manager Lancaster said one of the requirements put in the RFP was that they would be required to interview all the current employees. Secondly, if they were hired they would be required to maintain their current salary rate.*

General Manager Lancaster said all of this is up for negotiation and that staff was willing to consider whatever the Board's direction was if there are other options the Board would like staff to consider.

Commissioner Cooksey asked was there discussion about requiring them to give them vested service. *General Manager Lancaster said no, but at the January 12, 2009 Budget/Public Policy meeting the Board would receive a whole series of questions that aren't being addressed now around what would the vendors provide.*

Commissioner Cooksey asked was it correct that the number for outsourcing won't be the \$802,260 referenced in the report, but rather one of the three numbers shown in the report depending upon which vendor is selected and assuming the RFP remains the same. *General Manager Lancaster said that was correct.*

Commissioner Cooksey asked if the RFP provided some disincentives for failing to meet expected performance objectives. *General Manager Lancaster said yes, that there was a team that worked on this from the Department of Social Services. General Manager Lancaster said the January 12, 2010 Budget/Public Policy meeting will focus on the vendors.*

Commissioner Cooksey asked about the County overhead numbers in the report. He said he doesn't know how staff came up with those numbers but his experience has been the low bidder is not always the easiest bidder to deal with. He suggested to staff in the low bidder category that additional oversight dollars be added to make sure the vendor "holds the line", if that's the direction the Board decides to go.

Commissioner Cooksey asked about the in-house only category and thinks the number on the expense side for the County was probably light because it's recognized that some additional help may be needed to make this work. Thus, the County may have to hire a quality manager for this to make sure this is done correctly or it may mean there are some inefficiencies getting started.

Commissioner Cooksey said it's hard for him to see how the County's expense on the in-house only and in-house with a consultant won't be the same if the County recognizes it doesn't have the internal resources currently. He encouraged staff to take a closer look at this to see whether additional funds would be needed to at least get the expertise that's needed.

Commissioner Murrey asked with respect to budget estimates, was it correct that the consultant option was essentially a transition plan for two years and then it would transition into an in-house program. *General Manager Lancaster said perhaps and that with respect to the two years, staff felt that would provide time to look at what was being done and if it was felt that this was*

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something that should be taken on in-house then staff would have that opportunity. General Manager Lancaster said from other programs that have been looked at across the state that has actually happened in many instances.

Commissioner Murrey said to him that would make sense because basically the value of the consultant is to bring policies, procedures, protocols and standards of care that they have in place that have proven to be successful elsewhere. He said once you learn those things it's cheaper to "cut out the middle person" and do it yourself.

Commissioner Murrey asked was it correct the idea is basically the County would be paying the consultant to take the responsibility to make sure that expertise was there. *General Manager Lancaster said that was a fair statement.*

Commissioner Murrey asked about performance, specifically with respect to comments by speakers at the December 15, 2009 meeting regarding the need for additional staff, which would impact performance. Commissioner Murrey said he was curious about the comparison of the in-house program versus an outsource program as it relates to performance standards. He said he would assume with an outsource program the County would have certain performance standards that it would require in order to meet the stipulations of the contract. *General Manager Lancaster said that was correct.*

Commissioner Murrey asked was it correct that regardless of whether the private vendor had to hire an additional ten people, they would still be held accountable to those performance standards and the County would still only pay them the rate that was agreed to. *General Manager Lancaster said that was correct. She noted also that there were performance incentives because of the federal revenue incentives and that the higher the vendor performs in those categories the more revenue they would receive that comes from the federal government in that incentive category.*

Commissioner Murrey regarding the County's risk, said basically if you went with the outsource option, it's not that it's just cheaper in the first year, it's that they're on "the hook" for performance and the County essentially gets guaranteed a certain level of performance at a certain price; whereas if it's done in-house, it's conceivable that the County would have to increase its budget in order to meet the performance standards the County would be looking for but the County wouldn't have that risk with outsourcing it.

General Manager Lancaster said that was a fair statement. She said staff used the staffing model consistent with what the state has and if you go with the assumption CSE needs more staff, she doesn't have a budget that entails increasing staffing to increase performance.

Commissioner Murrey said what's been presented is first year estimates for all of these things, yet the conversation has been about concepts going out several years. Commissioner Murrey said he would like to know what impact the need for additional staff would have on the comparison information. He questioned whether the budget estimates really take this into account.

Commissioner Murrey asked would CSE employees lose and/or gain benefit wise with respect to each of the models. *Deputy Finance Director Murchison said she couldn't answer the question completely, however, once employees leave the state pension system their benefits, if they chose to leave their benefits there and wait until they're 65 then they would still receive a benefit for whatever they had earned while a state employee and would be entitled to state health insurance.*

Commissioner Murrey asked if they would receive an additional benefit being a County employee, since the state doesn't recognize their county time. *Deputy Director Murchison said no. She said the only way they could earn a benefit from the county would be to transfer it over to the local plan. If they went to a private employer their money could stay or they could, depending upon how many years of service they have, pull out their employee contribution*

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portion and roll it into a 401K or something else.

Commissioner Murrey asked was it correct that essentially there's no way that they're going to get the health care benefit that they currently have with the state unless they have already qualified for it but the pension benefit they might potentially get that if they roll it over it over into the County and continue to accrue. *Deputy Director Murchison said that was correct but that many of them would still lose the health care piece.*

Commissioner Murrey asked was it correct that going to a private employer, they get to roll over what they have but none of those years of service benefits apply. *Deputy Director Murchison said that was correct.*

Commissioner Cogdell asked how many other counties have made a decision regarding CSE services. *General Manager Lancaster said staff would get that information.*

Commissioner Cogdell said this was something the County had to make a decision on because of something the State decided for counties and gave a deadline for making a decision. He asked when did the County first hear of this. *General Manager Lancaster said the appropriations bill (requiring this) was adopted in August and staff started working fairly quickly and that it was brought to the Board's committee in September. Staff has been working on it since that point.*

Commissioner Cogdell said he's not comfortable with the CSE ranking that's been discussed and questions whether it's comparing "apples to apples."

Commissioner Cogdell said one of his concerns was how accurate are the projections as far as can the County maintain and work towards increasing performance given the projected budget that's been presented.

Commissioner Cogdell said staff should look at the option of "buying" talent if it's felt the County needs some type of consultant or manager to come in and work with folks that have experience in doing the job on a daily basis.

Commissioner Cogdell said based on some of the comments there are Board members who are leaning towards wanting to know about the feasibility of providing CSE services in-house. He asked should the Board consider looking at a consultant or a person full-time in-house and look at more positions that would help alleviate the case loads. He said the ultimate goal was to collect child support dollars and to get those funds to the children.

Commissioner Bentley asked if staff discussed with private vendors the issue of Mecklenburg County's caseload versus other counties in the state, and if so, what were those discussions and did staff come out of those discussions with a level of confidence that they would be able to handle the caseload in Mecklenburg County. *General Manager Lancaster said she couldn't answer that question at this time but that this would be one of the things discussed at the Budget/Public Policy meeting on January 12, 2010.*

Commissioner Clarke said he would like to see a trendline showing the caseload in Mecklenburg County over a five year period, the changes year to year, and the number of employees. He also would like to see what the collection rate for this period of time has been.

Commissioner Clarke said with respect to the outsourcing model, there's a huge difference between the expenses cited by each of the interested vendors for providing the same service.

Commissioner Clarke said he'd like for staff, at some point, to explain, if they can, why was there such a difference. Commissioner Clarke said he would assume without further information that since the primary expense of running CSE was labor that the vendors were planning to cut people or what they're going to pay them or cut the overall compensation costs in order to achieve these savings. *General Manager Lancaster said the January 12, 2009 Budget/Public Policy meeting will focus on the private vendor concept.*

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Commissioner James said he would like to know what the legal rules are around what the County can and cannot do. He said in the private sector collection agencies get to keep a part of the funds collected, so he would like to know if the County could do this, if the County were to collect these funds. Commissioner James said he wants to know how much flexibility the County has to close the \$160,000 gap by charging the people that are receiving the funds because “they obviously couldn’t collect the money themselves.” Commissioner James said he wants to know if the County can charge a surcharge on the “deadbeat” dad or mom, or if the County can deduct a portion of it from the check. *General Manager Lancaster said listed in the information provided was a client fee included in all of the estimates and that staff used the three year average. General Manager Lancaster said staff would get additional information on what’s allowable and if there are any other revenue sources available.*

The following persons spoke in support of Child Support Enforcement services being operated by the County versus a private vendor.

Harriet Roberson, who has worked with CSE since September 2000, addressed what CSE does. She said their caseloads are more like ten times the size of what the state says they should be and not three times as noted by some speakers at a previous meeting.

A copy of Ms. Roberson’s remarks is on file with the Clerk to the Board.

Eileen Simpson said if CSE was under the County this could help DSS Workfirst clients by allowing them to cooperate quicker with CSE, which in turn would help the paternity establishment rate and percentage of cases under order, which is part of the incentive goal. It was noted that every application that DSS takes for WorkFirst is automatically sent to child support. Ms. Simpson said with respect to orders that if CSE was under the County the child support program could coordinate and work more effectively with the Sheriff’s department for better service which in turn would increase all of CSE incentive goals. She feels the federal incentive money should remain with the County rather than go to a private vendor. Ms. Simpson said Mecklenburg County CSE collections for the year ending 2009 were a little over \$47 million dollars. She said CSE achieved 99% of the collection goal. She said the qualifications for the private companies are much lower than the state’s. She asked the Board to look at what the private companies may be promising. For example, if they are promising to increase the percentage of cases under order, how would this be accomplished. She asked would cases be closed if they weren’t “profitable.”

Myra Brannum addressed the “social services” aspect of what CSE does. She said CSE was more than just a collection agency. She said CSE helps in the area of social services. Ms. Brannum said she currently works for the state in CSE, but has worked for it under a private vendor as well. Ms. Brannum said what was missing under the private vendor was the level of professional training, which she said the state provides. She also addressed the backgrounds of CSE employees. She commented on how the objective of the private vendor would be to “get that money” no matter what and how, if appropriate, CSE as it currently operates is willing to work with parents if their financial situation changes and they’re no longer able to comply with the original order. Ms. Brannum said CSE has enough educated, experienced, and professional employees and exceptional leadership for the County to take over the CSE operation with a “smooth” transition.

Lisa Venturelli a contract attorney with CSE for nine years, addressed the benefits of having

CSE under the County from a legal perspective. It was noted that CSE has three attorneys who handle approximately 500 cases per week and that many of those cases involve parties who receive some sort of public assistance from the County. Thus, in order to properly prepare a case, good communication is needed with County agencies that provide those benefits. She said keeping CSE with the County would make good sense, in that communication would be a lot easier and it would allow CSE to better represent the interest of the children in Mecklenburg

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County. Attorney Venturelli said privatizing CSE would result in major employee changes. She noted that there was a child support committee that meets every other month and that the people involved in that committee are intimately involved with child support cases and are aware of what is working and what needs improvement. She said privatizing would likely result in losing about half of the committee bringing improvements to a “virtual standstill.” Attorney Venturelli said it’s also felt that CSE court teams with whom the judges and court staff have been working with for years, would undergo major changes under a private company. She closed by saying she values the opinion of CSE employees and asked that the Board do the same.

Tom Chumley addressed the history of CSE, including a period of time when the decision was made to turn over most of CSE cases that were considered “bad” cases, cases that hadn’t paid in a long time, over to collection agencies. He said in two years those cases were turned back over to CSE. He said the collection agencies collected about \$2,000 over two years on those “bad” cases. He said the collection agencies found they could not profit from those cases. He also noted that years ago Davidson County decided to privatize but after two years they decided to do it themselves because they found that it was costing them three times as much to run the agency being privatized as it was when it was being operated by the county. Mr. Chumley said he doesn’t understand how having a “middle man” is going to be cheaper in the long run than being under the county. Mr. Chumley said from his research privatization of this function doesn’t work in areas the size of Mecklenburg County.

This concluded the public comment on this issue.

County Manager Jones said it appears from the comments that have been made that there’s a preference towards the model of bringing it in-house. He said if that’s the case then wouldn’t it save the Board time during the discussion of this issue at the January 12, 2010 Budget/Public Policy meeting to center the discussion around that option as oppose to staff spending its time researching all of the questions regarding additional information on the outsource model. County Manager Jones said staff, however, would do whatever the Board desires.

Chairman Roberts said she doesn’t think some Board members are ready to make that decision.

Motion was made by Commissioner Cogdell, seconded by Commissioner Leake, that the Board look at two options, bringing CSE services in-house or in-house with a consultant and that the outsource model be removed from consideration.

Commissioner Murrey said his preference would be to keep the outsource model on the table.

Commissioner Bentley noted the things that staff plans to address at the January 12, 2010 Budget/Public Policy meeting and suggested the Board not change that plan.

Commissioner James said one thing that hasn’t been discussed is that if the in-house model is selected the County would still have to figure out who it’s going to hire. He said it may not necessarily be the current 75 employees. He said he thinks there’s a false sense that whoever was working for the state automatically going in-house would be working for the County. He said, however, that if the County Manager and staff determine they’re not the “best” people to do the job because of their own records, then they still wouldn’t get the job. Commissioner James said he thinks there’s an assumption being made that if you go in-house it means the current 75 employees will transfer over. Commissioner James said from what he can tell he’s never seen that happen anywhere. He said if this is or is not the case the current employees should be informed.

Commissioner James said restricting the options to the two noted in Commissioner Cogdell’s motion, to him, is designed to narrow it so that there’s justification for doing it in-house. Commissioner James said he thought the motion was pre-mature and that the Board would have a better idea of the options after receiving the presentation on January 12, 2010.

Commissioner James said he’s not convinced that privatization is the right route, nor is he

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convinced that the County should be writing the “check” to make up for a State responsibility. Commissioner James said he doesn’t know if the County has a legal obligation to even have a child support enforcement program.

Commissioner Leake said she’s not in support of privatizing this matter.

Commissioner Clarke said he would like for staff to consider discussing with the State the possibility of having a transition services agreement between the State and the County.

The vote was then taken on the motion, which was as follows:

Motion was made by Commissioner Cogdell, seconded by Commissioner Leake and failed 5-4 with Commissioners Bentley, Cooksey, James, Murrey and Roberts voting no and Commissioners Cogdell, Clarke, Dunlap, and Leake voting yes, that the Board look at two options, bringing Child Support Enforcement services in-house or in-house with a consultant and that the outsource model be removed from consideration.

Note: The above is not inclusive of every comment but is a summary of key points/questions.

(6C) FINANCIAL UPDATE

The Board received a financial update from Budget/Management Director Hyong Yi and Finance Director Dena Diorio. The following was covered:

Headlines

- Employee benefits
- U.S. Economy
- Home prices

Register of Deeds

- Documents Processed and Total Revenue

Land Use & Environmental Services Agency (LUESA)

- Building Permits

Conclusions

- First indicators that we may have reached the bottom
- Recognition that growth revenue won’t be growing as in years past
- Shape of overall recovery still unknown

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

Comments

Commissioner Cooksey asked for clarification regarding revenue generated by Register of Deeds and LUESA, which was addressed.

Commissioner James said he would like to receive in the next financial update, details on funds allocated for economic development grants. Commissioner James said he wants to see the dollars, the number of properties, and types of properties.

Chairman Roberts said a part of that report on economic development grants should include the number of jobs created and additional revenues generated per those grants.

Commissioner Bentley asked about Register of Deeds projections, which was addressed.

Commissioner Bentley asked about the impact of the first time homebuyers federal tax credit on the number of deeds filed and was there an increase. *Register of Deeds David Granberry said basically the impact has been a slightly upward linear trend in the deed numbers. He said there*

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was a spike in one week in October 2009 before the tax credit was extended but that things have since leveled back out.

Commissioner Bentley asked was that information figured into the projections noted in the report. *Register of Deeds Granberry said no, staff took a conservative approach.*

Commissioner Bentley regarding economic development grants, asked was it correct the County's most recent budget had \$12 million in grant payments through the Business Investment Program. *County Manager Jones said he was not sure of the amount but that staff would provide that information to the Board.*

Commissioner Dunlap noted that although the County does offer grants to businesses to relocate to Mecklenburg County that in exchange for that, jobs and opportunities are created for people in the community. He said in an economy where lots of people have lost their jobs, it's not much to give back to a company to relocate 800-1000 jobs to the community, which allows people to have a job and pay their taxes. Further, that while the business may not pay taxes, basically what the County is doing is deferring that until a later time. He said the business will in fact be paying 100% of their taxes later on.

Commissioner Clarke asked what was the percentage growth in the tax base last year. *Director Yi said he didn't have that information with him but he thinks it was about three percent.*

Commissioner Clarke asked is the projection for next fiscal year "little to no" growth in the tax base. *Director Yi said he thinks it's more accurate to say that the County should be prepared for "little to no" growth in the tax base. He said staff has not done a projection yet of the assessed tax value for 2011, so he can't give a specific number.*

Commissioner Clarke asked what was the correlation between getting a permit and construction and whether the fact that someone got a permit means there will be construction added to the tax base or is it possible it may not materialize. *Director of LUESA Cary Saul said in these current days that if someone gets a permit then that means they're going to construct. He said staff was not getting any projects coming in for plan review that they may or may not build. He said only those projects that were being permitted was being built and that there was very little commercial activity. He said staff is seeing spikes in housing with the extension of the first time homebuyers credit. He noted that in December there were 200 permits and that this has not been the case probably for over eight months. He said everything listed in the update was being built but that it's half of what it was a year ago.*

County Manager Jones with respect to the question asked by Commissioner Bentley regarding the amount budgeted for grants through the Business Investment Program said for the current fiscal year \$4.3 million was budgeted, fiscal year 09 it was \$1.5 million, and prior to that (FY08) it was \$1.9 million.

Chairman Roberts thanked the County Manager and staff for the update.

Note: The above is not inclusive of every comment but is a summary of key points/questions.

No action was taken or required.

CONSENT ITEMS

Motion was made by Commissioner James, seconded by Commissioner Bentley and unanimously carried Commissioners Bentley, Clarke, Cogdell, Cooksey, Dunlap, James, Leake, Murrey and Roberts voting yes, to approve the following item(s) with the exception of Items 8 and 12 to be voted upon separately:

(7) APPROVAL OF MINUTES

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Approve minutes of Regular Meeting held December 15, 2009 and Closed Sessions held December 1, 2009, November 17, 2009, and June 2, 2009.

(9) TAX REFUNDS

Approve refunds in the amount of \$40,970.05 to be made by the Finance Department as requested by the Tax Assessor resulting from clerical errors, audits and other amendments.

A list of the refund recipients is on file with the Clerk to the Board.

(10) UPPER MCDOWELL STREAM RESTORATION PROJECT

1. Authorize the County Manager to negotiate/execute an agreement with the Town of Cornelius for design, construction, and project administration for the Upper McDowell Stream Restoration Project.

2. Recognize, receive and appropriate up to \$90,000 in funding from the Town of Cornelius.

Agreement recorded in full in Minute Book 44-A, Document # _____.

(11) PURCHASE CONTRACT FOR HYBRIDS, VANS AND SUVS

Reject the low bid of \$24,137.48 by Burns Chevrolet-Cadillac, Inc., Rock Hill, SC. Approve unit price contract with Keith Hawthorne Ford, Charlotte, NC for the purchase of a 4-door hybrid compact vehicle based on available funding to various County departments for a term of one year and authorize the County Manager to renew contracts up to four (4) additional one-year terms.

THIS CONCLUDED ITEMS APPROVED BY CONSENT

(8) HEALTH DEPARTMENT GRANT APPLICATIONS

Motion was made by Commissioner Leake, seconded by Commissioner Dunlap and unanimously carried with Commissioners Bentley, Clarke, Cogdell, Cooksey, Dunlap, James, Leake, Murrey, and Roberts voting yes, to

1) Approve the submission by the Health Department of an application for the Every Child Succeeds Initiative for \$100,000 over two years.

2) Approve the submission by the Health Department of an application for the Healthy Beginnings Initiative for up to \$100,000 for each of three years.

3) Approve the submission by the Health Department of an application for Sickle Cell Anemia Services for \$200,000 per year for three years.

4) Approve the submission by the Health Department of an application for Children and Youth with Special Health Care Needs for \$100,000 in FY 2010 and \$250,000 a year for the following two years.

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5) Approve the submission by the Health Department of an application for HIV Prevention Projects for \$100,000 a year for three years.

6) If awarded, recognize, receive and appropriate such funds.

Commissioner Leake removed this item from Consent for more public awareness. She also asked how would HIV Prevention funds be spent. County Manager Jones said staff would make a decision regarding the allocation of those funds upon receipt of them. He said there are several options which could include providing services in-house and/or contracting out.

(12) FIRST WARD PARK AGREEMENTS

Motion was made by Commissioner Leake, seconded by Commissioner Cooksey and unanimously carried with Commissioners Bentley, Clarke, Cogdell, Cooksey, Dunlap, James, Leake, Murrey, and Roberts voting yes, to approve a resolution authorizing the Economic Development Grant and Reimbursement Agreement, and related agreements with Levine Properties, Inc.

Commissioner Leake removed this item from Consent for more public awareness. Commissioner Leake also asked would this have any impact on First Ward Elementary School. County Manager Jones said there would not be any impact on First Ward Elementary School. Commissioner Leake also asked about impact on existing housing in the area managed by the Charlotte Housing Authority. Chairman Roberts said existing housing is not impacted. Commissioner Leake said she raise this question because when you refurbish a community you want to “embrace the total community.”

Resolution recorded in full in Minute Book 44-A, Document # _____.

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

STAFF REPORTS AND REQUESTS - NONE

COUNTY COMMISSIONERS REPORTS AND REQUESTS

(13) GIVING TREE INFORMATION

The Board received requested information on the Giving Tree.

County Manager Jones and Finance Director Dena Diorio gave the report.

County Manager Jones noted that at the December 15, 2009 meeting, the Board approved a resolution that included a request for additional information regarding the Giving Tree, as follows:

- *Instruct the County Manager to make available to the Commissioners copies of any*

and all internal memos produced by internal Audit and senior management involving DSS Giving Tree matters from the last 12 months, with appropriate actions to insure statutory confidentiality as to personnel matters, for the Board to review.

County Manager Jones said with respect to the above request, copies have been given to the Board at previous public meetings, in addition all of these memos have been posted on-line at Mecklenburgcountync.gov under the heading DSS Audit and available to the Board and the public at any time.

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- *Instruct the County Manager to provide to the Board in open session a detailed list of gifts purchased for others with Giving Tree funds from February 2008 through December 2008 and his opinion as to whether these purchases actually benefited (were received by) the individuals to whom they were intended.*

County Manager Jones said with respect to the above request that as indicated by County Internal Audit, the Department of Social Services (DSS) did not have a detailed list of gifts purchased with Giving Tree funds during this timeframe. Therefore, staff is unable to provide a detailed list as requested. As an alternative, staff does have the worksheets staff used to record the distribution of gifts to DSS clients. Further, two sets of copies have been made of the worksheets. It was noted that the names of the recipients have been removed for confidentiality purposes. County Manager Jones said staff can say that the gifts identified in the worksheets were distributed to those for whom they were intended. Further, that despite having this volume of information, staff is unable to say definitively that all the purchases were received by those for whom they were intended. County Manager Jones said this was part of the reason why law enforcement was asked to investigate matter.

- *Provide a list to the Board in open session of all remaining items left in inventory in the County's possession related to the Giving Tree program (and their purchase prices).*

County Manager Jones said with respect to the above request that as the Board knows on December 15, 2010 the inventory of purchases that remained in the County's possession was provided to the Salvation Army, so they could be distributed as gifts for the recent holidays. A list of this inventory is also available on-line at Mecklenburgcountync.gov. The only remaining inventory is gift cards purchased with Giving Tree funds. County Manager Jones said law enforcement directed the County to not distribute these cards, so they remain in the County's possession. He said staff is providing the Board with a list of these cards and their values which is also available on-line.

- *Receive a presentation from Dena Diorio in open session about our current expense 'advance' policy and whether it complies with the time requirements of IRS circular/publication 15.*

Finance Director Dena Diorio with respect to the above request said there are only two circumstances where the County allows advances. The circumstances are for travel and advances from petty cash funds. Director Diorio reviewed the policy and procedures for travel advances and petty cash advances. Director Diorio said staff believes these policies and procedures are in compliance with IRS Publication 15.

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

Comments

Commissioner James addressed IRS Publication 15. Commissioner James said he wanted information on advances because it seemed with respect to the advances taken by the employee(s) that they didn't provide documentation within any kind of period of time and he wanted to know if it's required to have documentation returned within a certain length of time. He said accountants he talked with said the documentation had to be submitted in order to be in compliance.

Commissioner James asked was it correct that according to the travel advance policy, documentation is to be submitted within a certain period of time or the advance gets deducted from the employee's paycheck. *Director Diorio said that was correct.*

Commissioner James asked what was the required timeframe. *Director Diorio said it's within ten days from the time they return from the trip.*

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Commissioner James addressed the tax issue involved with this and adjustments to W-2's as it relates to the employee(s) or former employee(s) whose documentation was not submitted or was to "shoddy" to verify. Commissioner James said he would like to know what process staff was using to ensure that the W-2's for these employee(s) from prior years have been adjusted since adequate receipts were not submitted on time.

Director Diorio said staff has had several conversations with the head of the tax group at Cherry Bekaert & Holland on this issue. Director Diorio said per those conversations, staff has been told Publication 15 does not apply in this particular case because Publication 15 speaks specifically to reimbursable business expenses that an employee incurs as part of their doing business for the County. Director Diorio said this is not what happened in the Giving Tree case. Director Diorio said basically what staff has been told is that the County needs to wait for the outcome of the situation to make a determination about how and if to treat those dollars.

Commissioner James asked was it correct the tax accountant at Cherry Bekaert & Holland has concluded that Publication 15 doesn't apply in part because the Giving Tree wasn't part of the County's business. *Director Diorio said it was because the employee was receiving advances for the sole purpose of making purchases for a specific program. She said they're not considered reimbursable business expenses to the employee. Director Diorio said she would be happy to get additional information from the tax accountant but what she has said was his determination.*

Director Diorio said what was indicated to staff was that once the County gets a determination on those expenditures and the legitimacy of those expenditures, the County would then be in a position to make a determination about whether or not the County needs to make adjustments to the employee(s)' W-2. She said this is where staff is with respect to this matter.

Commissioner James said he would like to see the information from Cherry Bekaert and Holland regarding the issue of Publication 15.

County Attorney Bethune said the County would take all appropriate actions consistent with the Internal Revenue Service regulations once it determines all of the facts.

Commissioner Cooksey asked was there a limit on how much an employee can request for a travel advance. *Director Diorio said the travel advance has to be justified on the estimated travel expenditures form, which is analyzed by the Finance Department to make sure it's reasonable before giving any advances. Thus, there's no official cap on how much can be advanced.*

Commissioner Cooksey said how long has the travel policy been in effect. *Director Diorio said it was last revised in 2002.*

County Manager Jones informed the Board that a copy of the worksheets, a detailed list of gifts purchased for others with Giving Tree funds from February 2008 through December 2008 would be on file for review in the Clerk to the Board's office.

County Manager Jones thanked the Board for the adoption of the Statement of Critical Findings and Continued Confidence in County Management that the Board approved at the December 15, 2009 meeting.

This concluded the discussion of Item 13 Giving Tree Information.

Note: The above is not inclusive of every comment but is a summary of key points/questions.

COMMISSION COMMENTS – General comments were made at this time by various Commissioners regarding upcoming events and/or events they attended, as well as, other matters which they deemed note worthy.

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Prior to adjourning, Chairman Roberts expressed condolences to Commissioner Cogdell and his family in the passing of his father over the holidays.

Commissioner Cogdell thanked the Board and the community for their acts of kindness shown to him and his family during their time of bereavement. Commissioner Cogdell's father passed on Christmas Day.

ADJOURNMENT

Motion was made by Commissioner James, seconded by Commissioner Cooksey and carried 8-0 Commissioners Bentley, Cogdell, Cooksey, Dunlap, James, Leake, Murrey and Roberts voting yes, that there being no further business to come before the Board that the meeting be adjourned at 10:15 p.m.

Janice S. Paige, Clerk

Jennifer Roberts, Chairman