

**MINUTES OF MECKLENBURG COUNTY BOARD OF COMMISSIONERS**

**APRIL 10, 2007**

**3:00 P.M.**

**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, April 10, 2007.

**ATTENDANCE**

**Present:** Vice-Chairman H. Parks Helms and Commissioners Karen Bentley, J. Daniel Bishop, Dumont Clarke Norman A. Mitchell, Sr., and Dan Ramirez  
County Manager Harry L. Jones, Sr.  
Clerk to the Board Janice S. Paige

**Absent:** Chairman Jennifer Roberts and Commissioners Bill James and Valerie C. Woodard

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*Commissioner Ramirez was absent when the meeting was called to order and until noted in the minutes.*

*The meeting was called to order by Vice-Chairman Helms.*

**(2) FY2008 REVENUE PROJECTIONS & FUNDING REQUESTS**

Budget/Management Director Hyong Yi reported on FY08 revenue projections and funding requests. He emphasized that these were preliminary projections.

The report with respect to Preliminary Revenue Projections addressed

- Projected Assessed Value
- Total Projected Major Revenues which includes
  - Property Tax
  - Sales Tax; and
  - Investment Income.

It was noted that a portion of the Sales Tax and Investment Income is dedicated to Debt Service and not available for general appropriation.

Also, Fund Balance available for general appropriation is estimated to be \$40 million, an increase of \$6.1 million from FY07.

The report with respect to Funding Requests addressed

- County Services and Enhancements
- Debt Service/Capital
- Education Services.

The following was noted:

- Requests for funding are based on providing the current service level and addressing the Board's Three-Year Emphasis

Director Yi addressed the Board's Three-Year Emphasis, per the results of the Board's Annual

Strategic Planning Conference, which took place in February.

***Commissioner Ramirez entered the meeting at this time.***

It was noted with respect to the Preliminary Funding Gap that the projected County revenue growth is \$62.4 million and that the total preliminary services request is \$83.2 million, a subtotal gap of \$20.8 million. Also, that the total preliminary service enhancement request is \$46.6 million, thus a total gap of \$67.4 million.

Director Yi summarized by saying

- Revenue growth is healthy, which provides the Board with greater flexibility in making choices. However, expenditures are also increasing.
- As always, the Board will have choices to make.
- The County Manager will present a balanced budget which prioritizes these choices.

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

### Comments

Commissioner Clarke asked should the \$6.1 million with respect to Fund Balance be looked upon as the growth number in the fund balance. *The response was yes.*

County Manager Jones informed the Board that at the April 17, 2007 meeting staff will share information regarding pending legislation that may have an impact on revenues and expenses, especially as it relates to Medicaid relief. He said there are a number of initiatives moving forward in the General Assembly as it relates to Medicaid relief. He noted particularly a bill introduced by Senator Tony Rand for Medicaid relief. County Manager Jones said this bill speaks to the issue of taking away from counties 1-cent from the sales tax, with the State assuming that; and in exchange for that counties would be granted the authority to impose an additional 1-cent sales tax that would have a requirement in it to hold cities and towns “harmless” at the level of revenue derived from that 1-cent through the end of this fiscal year; the counties would then realize a growth in that tax without the cities or the towns realizing any of that growth. He said the premise is, that would be additional revenue that counties would have available to use for things such as school construction and other capital needs.

Commissioner Clarke asked how did staff come up with the current service level projected increase for education services. *The response was that it was done based on funding evaluation guidelines.*

Commissioner Helms questioned the accuracy of the amounts shown for growth in the Social Education & Economic Opportunity Focus Area and that of Effective & Efficient Government. It was suggested that perhaps the numbers need to be reversed. *Staff said it would review this again.*

Commissioner Ramirez asked about the decommissioning of the mainframe. *It was explained that all of the County’s current software that use to run on the Mainframe is now ran on the Client Server System and that those costs are already in the system. It was noted that decommissioning the Mainframe does not mean the Board will see an additional cost for new PC’s or servers to “take up the slack” from decommissioning the Mainframe because all of those services are still being provided.*

Commissioner Bishop asked for clarification on lottery dollars and whether the amount shown takes into consideration the performance of the lottery. *The response was yes, it does take into consideration the performance of the lottery. It was noted that in the current fiscal year the original estimate was that the County would receive \$18 million but because the County did not have any experience in this first year of the lottery, staff made the assumption that the County would get \$9 million and that was applied. It’s estimated that this year the County will receive \$15 million, so staff will assume that same amount for next year.*

Commissioner Mitchell asked where was funding for WTIV and the Library. *The response was in the General Debt.*

Commissioner Ramirez and Vice-Chairman Helms asked staff to comment on the current trend with respect to debt service. *The response was that debt service was increasing but not substantially.*

Commissioner Ramirez said he would like a written response regarding debt service trends.

*Staff said it would provide a report on debt service.*

Vice-Chairman Helms asked about the use of lottery funds. *The response was that lottery funds can be used to pay for debt service associated with new school construction or renovation of schools, capital needs of schools. It cannot be used for operating.*

Commissioner Ramirez asked would revenue projections take care of the “gap.” *The response was that the information shared is preliminary, but staff feels it can make the gap but it may be “painful.” Also, that staff will do a thorough analysis of the needs.*

Commissioner Bentley asked for a breakout of the General Debt number, specifically the amount for WTVI and the Public Library. *Staff said it would provide this information to the Board.*

Commissioner Ramirez asked about the level of funding provided for CMS and CPCC for their television programming and/or station. *Staff said it would provide this information to the Board.*

Commissioner Bentley asked about the population growth rate for the County for FY06 & FY07. *Staff said it would provide this information to the Board.*

This concluded the discussion of FY08 revenue projections and funding requests. No action was taken or required.

*Note: The above is not inclusive of every comment or question, but is a summary.*

## **(1) CMS FUNDING EVALUATION GUIDELINES**

Budget/Management Director Hyong Yi addressed CMS Funding Evaluation Guidelines for Operating.

Director Yi noted the following:

- Key Dates with respect to Board discussion of CMS Funding Framework
- The purpose of the Guidelines
- FY2008 Application of the Guidelines
- Additional background materials, which included information on
  - The operating guideline
  - How the current service level is calculated
  - Accounting for changing student composition
  - County Operating Grants

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

### Comments

Commissioner Mitchell asked about the projected student growth rate versus the actual. *Staff said it would provide that information to the Board but that generally CMS tends to under estimate the growth rate and the State tends to over estimate it.*

Commissioner Bentley asked why federal resources aren't used in calculating the per pupil amount. *The response was that the number is less than \$100 million for CMS and it varies from*

*year to year, so it's hard to predict. Also, that a lot of it is grant or program specific and as such, staff did not think it was fair to include it in the calculation of the general school expenses because you don't have the same freedom to spend federal grant dollars as you do with state dollars or county dollars for general operations.*

Commissioner Ramirez asked was the debt service capital included in the per pupil amount. *The response was no, only operating.*

Commissioner Clarke commented on the State's response with respect to teacher salaries. *Staff explained the funding of teacher salaries here in Mecklenburg County.*

Commissioner Clarke asked staff to do a sensitivity analysis by preparing two additional adjustments sheets, page 6 of the report, adjusting the salary line by 4% and 5% and then run the whole calculation so that the Board can see where it comes out based upon a different number. *Staff said it would do this.*

Commissioner Clarke referred back to the Key Dates noted by Director Yi and pointed out that the May 10, 2005 presentation on the FY2006 Funding Framework was a presentation made by the Education Budget Advisory Committee (EBAC).

Commissioner Clarke said that the report presented by EBAC was "sharply" critical of the framework as it had been developed and adopted prior to that time. He said EBAC pointed out a number of significant deficiencies and material weaknesses in the framework. He said this is what lead the Board on June 21, 2005 to direct the County Manager to work with EBAC and reconstruct the Funding Framework and the Guidelines. Commissioner Clarke said a tremendous amount of work went into this process.

Commissioner Ramirez asked does the State base funding on the per pupil amount. *The response was that staff doesn't think so, that this is something unique to what Mecklenburg County is trying to do here. It was noted that the State has a very complicated model that they use, which takes into account a variety of things.*

Commissioner Mitchell asked about the loss of dollars to Charter Schools, in particular, when a child leaves CMS to go to a Charter School and then returns to CMS. He asked what happens to those dollars. *Staff said they would seek an answer to this question.*

Vice-Chairman Helms asked County Manager Jones had this preliminary report been shared with the Superintendent. *The response was yes and that he and the Superintendent will have additional discussions prior to the Manager making his recommendation. He said it was felt that they should wait to see what action the Board of Education takes before having those additional discussions.*

Vice-Chairman Helms asked had the preliminary report been shared with the Board of Education. *County Manager Jones said he didn't know.*

This concluded the discussion of CMS Funding Evaluation Guidelines for Operating.

No action was taken or required.

*Note: The above is not inclusive of every comment or question, but is a summary.*

## **ADJOURNMENT**

Motion was made by Commissioner Ramirez, seconded by Commissioner Mitchell and unanimously carried with Commissioners Bentley, Bishop, Clarke, Helms, Mitchell, and Ramirez voting yes, that there being no further business to come before the Board that the meeting be adjourned at 4:37 p.m.

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Janice S. Paige, Clerk

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H. Parks Helms, Vice-Chairman