

**JUNE 24, 2008**

**MINUTES OF MECKLENBURG COUNTY BOARD OF COMMISSIONERS**

**NORTH CAROLINA  
MECKLENBURG COUNTY**

The Board of Commissioners of Mecklenburg County, North Carolina, met in Special Budget/Public Policy Session in Meeting Chamber Conference Room CH-14 of the Charlotte-Mecklenburg Government Center at 3:00 p.m. on Tuesday, June 24, 2008.

**ATTENDANCE**

**Present:** Chairman Jennifer Roberts and Commissioners  
Karen Bentley, J. Daniel Bishop, Dumont Clarke  
H. Parks Helms, Bill James, Norman A. Mitchell, Sr.  
Dan Ramirez and Valerie C. Woodard  
County Manager Harry L. Jones, Sr.  
County Attorney Marvin A. Bethune  
Clerk to the Board Janice S. Paige

**Absent:** None

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*Commissioners Clarke and Woodard were absent when the meeting was called to order and until noted in the minutes.*

*Budget/Management Director Hyong Yi noted the agenda items scheduled for discussion, which were: Debt Affordability, Capital Project Updates, & FY 2009 Recommended Capital Budget and FY 2009-2018 Capital Improvement Plan.*

**(1) DEBT AFFORDABILITY**

Finance Director Dena Diorio addressed the County's Debt Affordability.

*Commissioners Clarke and Woodard entered the meeting during this time.*

The following was covered in the presentation:

- Purpose of the Presentation
- Overview of Debt Position
- Rating Agencies' Perspective
- Benchmarks and Ratios
- Available Debt Capacity
- Recommendations
  - 1) Amend Debt Policy to include revised debt ratio targets: Increase overall debt per capita to \$4,000 and Increase debt service as a percentage of the operational budget to 22%
  - 2) Increase pay-go funding for capital projects
  - 3) Incorporate pay-go strategy into the County's Debt Policy
  - 4) Cap borrowing at \$350 million per year to stay within debt ratio targets
- Next Steps

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

Comments

Commissioner Helms asked how the Rating Agencies would view this proposed change in the County's Debt Policy. *The response was that it would be looked at favorably, because it would be a policy that the County would be in compliance with; currently the County is out of compliance.*

Commissioner James said you don't change the debt service by changing the target.

Commissioner James said the debt policy should remain as is and that the County needs to inform Charlotte-Mecklenburg Schools (CMS) that they can only have a certain amount of debt.

Commissioner James said he understands the proposed change for pay-go.

Commissioner Clarke asked what impact these recommendations would have on the County's AAA Bond Rating. *The response was it's felt the rating agencies want the debt policy revised to a place that's "meaningful" and supports pay-go. Staff feels the County's AAA Bond Rating is safe, however, continuing to be out of compliance with the current policy runs the risk of losing it. It was stated further that the rating agencies want the County to balance its capital needs. It was also emphasized that a stronger commitment is needed for pay-go.*

Commissioner James said limits are needed in all areas, including Park and Recreation because the County's debt is "too high."

Commissioner Mitchell asked about other sources of funding for capital needs, which was addressed.

Commissioner James commented on Recommendation #3) Incorporate pay-go strategy into the County's Debt Policy. He questioned how this can be done if it's not in an unraidable reserve.

Commissioner Clarke said he supports Recommendation #3) Incorporate pay-go strategy into the County's Debt Policy.

Finance Director Diorio said pay-go would be treated like debt service.

Commissioner James said he supports Recommendation #4) Cap borrowing at \$350 million per year to stay within debt ratio targets. Commissioner James said its adoption would send a message to CMS. Further, that there would not be CMS referendum until 2012.

Commissioner James said it would be unrealistic to think that the County wouldn't have additional capacity, but the County needs to be careful.

Chairman Roberts asked was the quarter cent sales tax taken into consideration. *The response was no.*

Commissioner Ramirez said with respect to Recommendation #4) Cap borrowing at \$350 million per year to stay within debt ratio targets that he doesn't see it occurring.

Commissioner Ramirez said the County needs to restrain its expenditures and be fiscally responsible. He said caps are needed on all expenditures. Further, that growth should take care of itself.

Commissioner Bentley posed the question, at what point does the tax burden become a burden on the taxpayers such that taxpayers begin to relocate outside of Mecklenburg County.

Commissioner Helms asked staff run other financial models and bring back alternate possibilities.

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Commissioner Ramirez said he would like to know some other realistic caps.

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

**(2) CAPITAL PROJECT UPDATES, & FY 2009 RECOMMENDED CAPITAL BUDGET AND FY 2009-2018 CAPITAL IMPROVEMENT PLAN**

Director Yi gave an update on Capital Projects and discussed FY 2009 Capital Budget and Projects. The following was noted:

- No changes to current recommended projects
- Potential for four additional projects:
  1. Central Piedmont Community College (CPCC) (Land Purchase for Basic Skills Literacy Center)
  2. Park and Recreation (Aquatic Center Expansion)
  3. 1<sup>st</sup> Ward Park Project
  4. Matthews Sportsplex Project

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

Comments

Commissioner Ramirez said there would not be any underground parking associated with the 1<sup>st</sup> Ward Park Project.

Chairman Roberts asked whether the quarter cent sales tax would be enough to build a new jail. *The response was no, because the monies for this type of project is spent too fast.*

Commissioner Woodard asked whether CPCC could switch programs around instead of building a new building. *County Manager Jones said it's not feasible to house this program in any of CPCC's existing buildings.*

Commissioner Clarke said a new jail could be built using COPs. Commissioner Clarke asked about the related debt service if this was done, which was explained.

Commissioner Clarke addressed having a referendum on the possibility of using the quarter cent sales tax to pay the debt service on the COPs.

Commissioner Helms noted that the County Manager was only recommending two projects, the law enforcement project and \$200 million for Park and Recreation.

Commissioner James said he disagrees with the concept used by the Park and Recreation department because there are other longtime projects being deferred. Commissioner James said these projects are being deferred because the Park and Recreation Master Plan Study said greenways were a higher priority but he disagrees.

Commissioner James said he would like to see some changes in Park and Recreation's list of projects.

Chairman Roberts said objective measures were used in preparing the Park and Recreation Master Plan and that the methodology was correct. She said greenways are also a priority because of water quality concerns.

Commissioner Clarke asked was the Park and Recreation projects list approved by the Park and Recreation Commission. *The response was yes.*

Commissioner Clarke asked about the process used by the Park and Recreation Commission,

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which was explained. He also asked about public input. *The response was a lot of public input took place during the Master Planning process but not at the point when it was being dealt with by the Park and Recreation Commission.*

Commissioner Bishop commented on the distribution of projects by districts. He asked that when the list of projects is finalized that it be broken out by districts.

Commissioner Bentley asked about the response of the towns, which was addressed. *It was noted that the towns are mainly interested in the projects that fall within their borders.*

Motion was made by Commissioner Helms, seconded by Commissioner Woodard and unanimously carried with Commissioners Bentley, Bishop, Clarke, Helms, James, Mitchell, Ramirez, Roberts, and Woodard voting yes, to direct the County Manager to prepare for the Board's consideration on July 1, 2008, the necessary documents for the adoption of a FY 2009 Capital Budget and FY 2009-2018 Capital Improvements Program as recommended by the County Manager and includes the following:

- Government Facilities in the amount of \$90,950,000
- Court Facilities in the amount of \$16,989,000
- Law Enforcement Facilities in the amount of \$360,229,000
- Solid Waste in the amount of \$25,000,000
- Park and Recreation in the amount of \$200,000,000
- Library Facilities in the amount of \$8,848,903
- WTVI in the amount of \$2,535,700
- Totals: \$704,552,603

Secondly, that staff bring for the Board's consideration a plan for putting forth a \$360,229,000 bond referendum for law enforcement and \$200,000,000 for park and recreation.

Chairman Roberts said at one point she was considering asking staff to prepare for the Board's consideration a \$300 million park and recreation bond because it was her understanding that staff had worked on a \$200 million and a \$300 million projects list.

County Manager Jones acknowledged he received two lists from Park and Recreation, a \$300 million and \$200 million and that he informed Park and Recreation that he would support the \$200 million.

Commissioner James said he wasn't opposed to the \$300 million, it's just that he hasn't seen a list for that amount and would hope that the details of that list could be worked out.

Commissioner James said also that it's his understanding that the Matthews Sports Complex is not on either of the lists.

Commissioner Helms said he wouldn't vote for a \$300 million park and recreation bond.

Commissioner Helms said he was concerned about the bond amount that would be presented to the public in the fall.

Commissioner Clarke said the Board needs to take into consideration the message from the business community regarding the amount to put before the voters in light of the current economic climate.

Commissioner Ramirez said he doesn't think the public would support a large bond referendum in the fall.

Commissioner Ramirez noted his support, however, for the purchase of as much land as possible, especially around the lakes and wetland areas. He said land is diminishing in Mecklenburg County.

Director Garges addressed how the \$200 million list came about.

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Commissioner Bishop asked about the projects list.

Attorney Bethune clarified that the Board is not required to approve a “list” of projects at this time and explained the bond referendum process.

*Commissioner Bentley left the meeting and was absent for the remainder of the meeting.*

The vote was then taken on the motion by Commissioner Helms, seconded by Commissioner Woodard and carried 7-1 with Commissioners Bishop, Clarke, Helms, Mitchell, Ramirez, Roberts, and Woodard voting yes and Commissioner James voting no, to direct the County Manager to prepare for the Board’s consideration on July 1, 2008, the necessary documents for the adoption of a FY 2009 Capital Budget and FY 2009-2018 Capital Improvements Program as recommended by the County Manager and includes the following:

- Government Facilities in the amount of \$90,950,000
- Court Facilities in the amount of \$16,989,000
- Law Enforcement Facilities in the amount of \$360,229,000
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- Park and Recreation in the amount of \$200,000,000
- Library Facilities in the amount of \$8,848,903
- WTVI in the amount of \$2,535,700
- Totals: \$704,552,603

Secondly, that staff bring for the Board’s consideration a plan for putting forth a \$360,229,000 bond referendum for law enforcement and \$200,000,000 for park and recreation.

County Manager Jones said he would bring information back to the Board on the issuance of COPs for building a jail rather than placing it on a referendum.

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

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## **ADJOURNMENT**

Motion was made by Commissioner Ramirez, seconded by Commissioner James, and carried 8-0 with Commissioners Bishop, Clarke, Helms, James, Mitchell, Ramirez, Roberts, and Woodard voting yes, that there being no further business to come before the Board that the meeting be adjourned at 5:07 p.m.

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Janice S. Paige, Clerk

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Jennifer Roberts, Chairman