

JANUARY 29, 2009

MINUTES OF MECKLENBURG COUNTY BOARD OF COMMISSIONERS

NORTH CAROLINA  
MECKLENBURG COUNTY

The Board of Commissioners of Mecklenburg County, North Carolina, met in Special Session at The Lodge at Ballantyne Resort located at 10000 Ballantyne Commons Parkway, Charlotte, N.C. on Thursday, January 29, 2009 at 8:00 a.m.

ATTENDANCE

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

**Absent:** None

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

*The purpose of the meeting was to hold the Board's Annual Strategic Planning Conference and to take action as deemed appropriate.*

*The meeting was called to order by Chairman Roberts, who then turned the meeting over to County Manager Jones.*

Prior to giving an overview of the agenda and the goals and expectations for the conference, County Manager Jones noted the following.

- This budget year will be very different from past years, in light of the current economy.
- Revenues are down, however, the demand for services is increasing.
- All levels of government are impacted with dramatic revenue reductions.
- If Mecklenburg County were to maintain the current funding levels for all county services and education services, it will be facing a \$90 million budget gap in FY2010 because of lower revenues and increases in debt service costs.
- The \$90 million gap can't be found by simply finding efficiencies and process improvements.
- The County will have to either cut services, raise taxes or both, adding up to at least \$90 million. This is without considering any increases in services.
- The elimination of the \$90 million gap can't be done solely on "the backs" of County departments.
- Both Charlotte Mecklenburg Schools (CMS) and Central Piedmont Community College (CPCC) must be a part of any cut backs.
- It has been communicated to employees that one of Management's top priorities will be retaining jobs and people.
- Employees will be informed that sacrifices will have to be made that will impact compensation and benefits. There may also be service cuts and possible layoffs.

County Manager Jones said staff is able, willing and ready to assist the Board in setting its priorities.

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County Manager Jones said “we need to think differently than we have in the past to address this situation.”

County Manager Jones then addressed the goals and expectations of the conference. He said the conference would involve focusing on the following key principles as the Board moves forward in dealing with the impact of the downturn in the economy. The principles were:

- Take a Long-Term View
- Focus on Core Mission and Priorities
- Retain Jobs and Employees When Possible
- Make Data-Driven Decisions
- Communicate and Involve Stakeholders

County Manager Jones said capital spending would also be addressed. It was noted that feedback from the County’s rating agencies indicated that while the County has retained its Triple-A rating for bonds and COPs, the County is “teetering on the edge of being downgraded.” The key reason is because the County’s debt is high and if the County doesn’t manage to the targets the Board established in the Debt Policy, the County’s credit rating will be downgraded. “No, ifs, ands or buts allowed.”

County Manager Jones said on the one hand, issuing more debt while also cutting operating expenditures will put the County over its performance targets that compare debt as a percentage of operating costs, which would certainly result in losing the Triple-A credit rating.

County Manager Jones said if the County loses this rating, it will cost the County more in interest when borrowing, and the County’s capital would be less attractive to borrowers. He said in a market when borrowing is limited, the County may find it more difficult to borrow.

County Manager Jones emphasized the need to think differently not only about operating priorities but also capital priorities. County Manager Jones said he believes the County needs to consider being on a “debt diet.” Thus, staff will be recommending that the Board delay issuing any debt until after the Board adopts next year’s budget. He said the recommendation will also recommend not issuing any debt in FY2010.

County Manager Jones said delaying will allow the County to pay off existing debt as a way of moderating debt service costs and allow time to review and reconsider the need and priority for capital projects.

County Manager Jones said the goals of the conference should be to get an understanding of the current economic situation and begin to identify the Board’s priorities based on this situation.

## **Comments**

Chairman Roberts asked for clarification regarding no debt issuance this year and whether that included the bonds the County was planning to move forward with in February. *County Manager Jones said staff would address that question later during the discussion, but that the outstanding issue currently is the general obligation bond sale of \$253 million, which is the maximum amount being considered.*

County Manager Jones said if the Board doesn’t issue the \$253 million, the County could save about \$18.5 million in debt service costs next year. He said the County is already looking at a \$38 million increase in debt service which is part of that \$90 million gap.

Commissioner Cogdell referenced the Credit Rating Report and asked doesn’t it also impact the County’s rating if the County doesn’t issue the debt to meet the infrastructure needs of the community. *The response was that will be discussed later in staff’s presentation.*

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Commissioner Cooksey asked was the \$90 million shortfall a revenue shortfall. *The response was yes, part of it is a revenue shortfall and part of it is an increase in debt service costs.*

***Commissioner Leake entered the meeting.***

County Manager Jones turned the meeting over to Budget/Management Director Hyong Yi, who called on Dr. John Connaughton from the University of North Carolina at Charlotte.

Dr. Connaughton addressed the economy. The following was covered in his presentation:

- What is a recession
- Recession Indicators
- Past Recession Years
- Payroll Employment
- 2008 Payroll Employment
- N.C. Payroll Employment
- Growth Rates
- Unemployment Rate
- Threats to the Economy
  - Oil Prices
  - Consumer Confidence (Note: 70% of the U.S. economy is consumer consumption.)
  - Budget Deficit
  - Dollar Value
  - Leading Indicators
  - Inflation
  - Trade Deficit
- Residential Construction

Dr. Connaughton said economists are concerned about the prospect of deflation. He said deflation scares economist a lot more than inflation. Dr. Connaughton said in a deflationary environment, consumers don't rush to make purchases because they think a particular product is going to get cheaper. He said that's what makes deflation so scary is consumer reaction to it. He said the country can't afford that right now and that consumers need to spend money in order to help get out of the recession.

Dr. Connaughton said with respect to how bad the recession is going to be, he thinks it'll be parallel with the recession of 1982 but different. He said getting out of it will also require different things and will be the responsibility of the federal government and the country. He said at least 4.5 million people will lose their job; the national 10% unemployment rate will be pushed and in N.C. it'll be above that and locally it'll be pushed to the 10%. He said we're not at the bottom yet, but it's near. He said things will probably start to turn around slowly in May or June, however the unemployment rate will continue to rise throughout all of this year. The unemployment rate will probably peak between November of this year and February of 2010.

Dr. Connaughton said it should be remembered that from a tax revenue standpoint, it's not the gross domestic product (GDP) that determines your situation but employment, both in terms of the County's service side and revenue side. He said as unemployment rise, revenue declines.

Dr. Connaughton said jobs won't increase until 2010, likewise the unemployment rate won't start to go down until 2010. He said when things do get back, it's a two year recovery process. He said things will be better in 2010 and 2011 but still challenging.

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

## **Comments**

Commissioner Bentley asked was there any history to tell the linkage between the amount of

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reduction in GDP and time for recovery. *The response was yes. Also, that the current recession was going to resemble the recessions back in the 60's and 70's, but when things start to turn around, it will turn around better than they did back then, but still not great.*

Commissioner Leake asked if it was known that the recession was coming and if so, why wasn't something done. *The response was economist and politicians didn't see it coming. The thought was that the "little subprime crisis" could be contained within the housing industry but that was not the case.*

Dr. Connaughton said when this recession is looked back at five or six years from now and economists write about it, it should be remembered that this recession was caused by the inaction of Ben Vernacki and the Federal Reserve at a critical point in time to save Lehman Brothers.

Dr. Connaughton said don't get excited about justice when it comes to the financial system in the U. S. He said the financial/banking system in the U. S. is fundamentally different from any other industry in the country. He said the one thing learned from the Great Depression, or from the 70's and the financial crisis in the 80's is that you do not let financial institutions fail. He said as soon as one fails you send a signal of a lack of confidence to investors and customers.

Dr. Connaughton said when Lehman failed it basically shut down the U.S. financial system.

Dr. Connaughton said the Federal Reserve is supposed to be the lender of last resort, "the window of discount." He said the number one job of the Federal Reserve is to provide liquidity and they didn't do it.

Commissioner Dunlap said as a result of liquidity, however, not being offered to the banks, it brought to light the excessiveness of corporate executives. Dr. Connaughton said he agrees, but that the question is, how important is justice with respect to those people versus the 4.5 million people without a job. He said "there's a time for justice and there's a time for saving jobs." He said the gap that was being looked at and what people have been so "hung up" on was the quest to get justice and making those folk "pay." Thus, we've lost sight of how it effects "ourselves and our neighbors." Dr. Connaughton said there will be regulations coming out as a result of all of this.

Commissioner Dunlap said at least now those that are responsible for keeping their eye on the ball will do so.

Dr. Connaughton said in addition to his concern about deflation going forward, is that "under the radar when this is all over and the banks pay the TARP money back, four banks, J.P Morgan, Chase et al., Citi, and Wells et al. will control 60% of the financial services industry in the U.S.

Commissioner Cooksey asked what's the policy prescription to fight deflation. *Dr. Connaughton said there really isn't a good policy prescription, short of giving people money back.*

Dr. Connaughton said he doesn't have a lot of hope for the stimulus package because he thinks it's too convoluted. He said it doesn't have enough "orange" barrels associated with it and it's not going to get those "orange barrels" on the street fast enough. However, he is confident that a little later there will be some tax money back to people probably in the fall in order to get consumers spending again.

Commissioner James said he thinks it's going to be worst, like the 1985 Texas recession.

Dr. Connaughton said the key is to get consumers out there buying stuff. He said he feels the answer to the question of what can derail this recovery, is deflation.

This concluded Dr. Connaughton presentation.

Chairman Roberts thanked Dr. Connaughton for coming.

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*The Board recessed for a break at 9:54 a.m. and reconvened at 10:10 a.m.*

*Note: Anne Udall with the Lee Institute was present and helped facilitate the remaining portions of the meeting.*

## **FY2009 BUDGET PRIMER**

Director Yi gave a FY2009 Budget Primer as a means of providing an overview of the components of the budget and how it is structured.

The following was covered in the presentation:

- Components of the Strategic Business Plan
- Revenues
- Appropriations
  - Debt Service/Paygo
  - Education Services
  - County Services
- Performance Data

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

## **Comments**

Commissioner Dunlap asked were there any rules of thumb as it relates to what percentage in the various categories indicate a pretty solid budget or how does the County know if it's treading on "thin ice." *Director Yi said it really doesn't matter. He said the dollar amount or the size of a specific piece is unimportant. He said what's strength for Mecklenburg County is diversity of the revenue sources. He said if the County was 90% reliant on the property taxes or sales taxes, that the County would probably be in trouble. He said the fact that there is a diversity of revenue streams gives the County more flexibility in how it is able to manage its resources and where the revenue comes from.*

Commissioner Dunlap said it's his understanding that the County doesn't anticipate a 100% collection rate of property taxes but that the County makes allowances for that. *Director Yi said that was correct.*

Commissioner Dunlap asked was there some way to calculate what it would look like if the County was able to realize a 100% property tax collection rate. *Director Yi said staff doesn't calculate 100% because not everyone pays their property taxes and some pay late. It was noted that the Tax Office does pursue collection from those that don't pay. Director Yi said to assume, however, the County would collect at 100% would be unrealistic.*

Director Yi said when the County builds its budget, it's based on the collection percentage of the previous year. Thus, the higher the collection percentage the better off the County is in terms of realizing actual property tax revenue. He said he believes the percentage is around 97%.

General Manager John McGillicuddy said the Board has established a scorecard goal with regard to percentage of revenues from property taxes. He said the goal is to have 51% or less of County revenue from property tax dollars.

Commissioner Dunlap asked with respect to debt service was there something that shows the total amount of debt owed by the County. *The response was yes and it will be shared with the Board.*

Commissioner Dunlap asked where do lottery funds show up in the revenue stream. *The response was that it appears under the heading of Other Funds under CMS funding. Also, that it was \$14*

million for FY09.

Commissioner Dunlap asked why lottery funds come to the County versus going to CMS. *The response was that's the way the statute reads.*

Commissioner Dunlap said the statute also said lottery funds would not be supplanted. *Finance Director Dena Diorio said the amount of debt for schools increases every year, so it's used for CMS debt service, thus it's not being supplanted.*

Commissioner Dunlap said if the lottery funds were designated for CMS, how is it that the County gets to determine how it is spent.

County Manager Jones said the County is statutorily responsible for school construction costs. He said the statute allows it to be used for school construction, school renovation, and debt service costs incurred on or after January 1, 2003. He said the County elected from a policy perspective to use the funding for debt service.

Commissioner Dunlap said with respect to Jail & Detention Facilities, he would like to know how much the County spends per inmate compared to how much is spent per child in CMS.

Commissioner James said the County gives CMS 1/3<sup>rd</sup> of its operating costs and 100% of the operational costs for the jail.

Commissioner Dunlap asked was the 1/3<sup>rd</sup> a standard rule for CMS. Commissioner James said no, that's just what it happens to be.

This concluded the discussion regarding the Budget Primer.

## **FY2009 FINANCIAL STATUS AND FY2010 PRELIMINARY FINANCIAL OUTLOOK**

Finance Director Dena Diorio reported on the County's financial status. The following was covered in the presentation.

### **FY2009 Budget Update**

- Property Taxes
- Sales Taxes
- Investment Income (Note: Staff is projecting about a \$1.6 million shortfall from budget in investment income for this year as a result of the economy.)
- Expenditures
- Fund Balance
  - Note: On a total revenue basis it's projected that there will be a \$42.9 million shortfall from budget this year.
  - The projected gap between revenue and expenditures is going to be about \$57.1 million, which will be the County's first drawdown of its reserves since fiscal year 2003.
  - Normally there's usually an increase in the County's reserves but that will not be the case this year.
  - It's projected that there will be a \$45 million drawdown from fund balance for FY2010.

### **Debt Status Report**

- Debt Position
  - Options
  - 1) Move forward with the planned sale of \$253 million. The County will be out of compliance with its debt policy and will likely be downgraded.

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- 2) Move forward with a reduced sale now based on the various budget scenarios. Will result in a delay of planned capital projects and still may result in a downgrade depending on the amount of the FY2010 adopted budget.
- 3) Cancel the bond sale. Will result in on-going projects being halted indefinitely as well as delaying planned capital projects.
- 4) Delay until the budget is further developed.
  - The sale amount will be determined based on the total budget amount.
  - Sale could potentially be deferred until FY2010 which pushes debt service out until FY2011.
  - On-going projects that require additional cash between now and January 2010 will be funded with cash on hand until a final sale amount is determined.
- Recommendation
- Delay the sale until the budget is further developed.
  - The sale amount will be determined based on the total budget amount.
  - Sale could potentially be deferred until FY2010 which pushes debt service out until FY2011.
  - On-going projects that require additional cash between now and January 2010 will be funded with cash on hand until a final sale amount is determined.
  - Reassess the need for all projects currently authorized and do not authorize any additional capital projects in FY2010.

### Next Steps

- Need the Board to take action on this and decide if it wants to defer the bond sale. If so, this item would be removed from the February 3, 2009 agenda.

### Comments

Commissioner Cogdell asked about the sales tax revenue to date as a percent of budget through January 31 of 94.9%. He asked how realistic was the budgeted number. *The response was when staff did this budget for sales tax, staff was firming this number up until last April. Staff knew the economy was starting to slow down but the current economic trend was certainly not anticipated.*

Commissioner Murrey asked with respect to sales taxes and property taxes had there been any change in the collection process or any reason to believe that we're just not collecting it as well as we use to, as opposed to people not spending as much or people not having the ability to pay. *The response was sales tax revenue goes directly to the State, so the County doesn't have any power over how that's collected. With respect to property tax, once staff receives the numbers for January, which is when the majority of property tax is collected, the tax collector is putting together his collection strategy between now and June to get "the best bang for the buck" that we can to meet those numbers for the year.*

Commissioner James asked what does staff anticipate the aggregate shortage will be through the end of the fiscal year. *The response was \$10 million.*

Commissioner Dunlap asked about federal inmate charges. *General Manager Michelle Lancaster said the federal inmate population has gone down some over the last several months.*

Commissioner Leake with respect to federal inmates asked how much does the County receive per inmate. *General Manager Lancaster said she believed the federal inmate rate was about \$130 per day.*

Commissioner Leake asked about the Sheriff's Office budget, which was addressed.

It was noted that staff would provide additional information as it relates to the issue of housing federal inmates and state inmates.

Commissioner Dunlap said he would like to see information on those departments that typically generate revenue and how the lack of revenue effects how we budget for that department.

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Commissioner Dunlap asked what was the current fund balance. *Finance Director Diorio said at the end of 2008 it was \$362 million and if we have the \$57.1 million drawdown it'll drop to \$304.6 million.*

Commissioner Dunlap said if the County has that much in reserves, why isn't the County paying more on its debt service. *The response was that there are parts of fund balance that are reserved and designated for specific purposes. Although it's there, it's not all available to spend. It was noted further that the Local Government Commission recommends the county keep eight percent in its reserves for unanticipated expenses.*

Commissioner Dunlap said he would like to receive something in writing regarding the County's reserves and fund balance. *Director Diorio noted that detailed information was in the County's annual financial report, which Board members have a copy of.*

Commissioner James asked if the economy doesn't change by 2011 how long can the County continue to drawdown from fund balance. *The response was that next year will probably be the last time.*

Commissioner Murrey asked for clarification on the numbers with respect to fund balance, which was addressed.

Commissioner Clarke suggested staff take a look at comparable counties to see how their fund balance has been for the last five years.

Commissioner Cooksey asked for further clarification with respect to the eight percent of fund balance that's maintained, which was addressed.

Commissioner Clarke asked was the \$90 million shortfall for next fiscal year inclusive of \$45 million from fund balance. *The response was yes.*

Commissioner James asked with respect to the County's debt policy, was the County out of compliance. *The response was the County was out of compliance when it comes to overall debt per capita.*

Commissioner Dunlap asked what impact does the County's debt service have on the ability of the towns to acquire debt. *Director Diorio said she would assume that it would have an impact, but that the amount of their outstanding debt collectively is probably less than \$10 million. She said the towns don't have the capacity to issue a lot of debt which is why the County issues a lot of debt on their behalf.*

Commissioner Cooksey asked if the County didn't issue the \$253 million would the numbers then look like the 2008 actual or what would be the impact. *Director Diorio said it would look similar to 2008.*

Commissioner Cogdell asked did something happen between December 2, 2008 and now to cause staff to change its recommendation. Commissioner Cogdell said he recalled at the December meeting the Board was told it was okay to issue the \$253 million. *Director Diorio said what happened was that per staff's visit with the rating agencies, the recommendation has now changed. She said the rating agencies gave staff some very strong signals that the County's debt levels were too high. Director Diorio said the County will be downgraded if it doesn't manage its debt more tightly.*

Commissioner Murrey asked about projects that have been started but not completed and how much is needed to complete the projects. *Director Diorio said she would provide that information.*

Commissioner Leake said she would like to receive a list of the outstanding school projects and the projected dates for completion.



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Motion was made by Commissioner Cogdell, seconded by Commissioner James and unanimously carried with Commissioners Bentley, Clarke, Cogdell, Cooksey, Dunlap, James, Leake, Murrey, and Roberts voting yes, to remove from the February 3, 2009 agenda, consideration to adopt a resolution for \$253 Million Voted GO Bonds entitled: RESOLUTION AUTHORIZING ISSUANCE OF BONDS. Secondly, to delay consideration of the sale of these bonds until the budget is developed, after which the Board would then determine what the sale amount would be based on the budget, the sale then could be potentially pushed out until 2011, thus the debt service wouldn't be picked up until the next year. Further, that on-going projects that require additional cash in January 2010 would be funded with cash on hand until a final sale amount is determined. Those projects would be reviewed to make sure there's enough cash to do them. Finally, the Board will review the needs of capital projects that are currently authorized to make sure the Board wants to move forward with those projects for which it has authorization; and not do any additional authorizations this year.

Prior to the above vote, Finance Director Diorio said if the Board was to issue the \$253 million, it is likely that the County would lose its Triple-A Bond Rating.

The ultimate sale amount would be determined based on what the actual budget will be. We would potentially defer the sale until 2011 and what this will do is that it pushes that debt service out a year. If we issue in 2010, the debt service isn't actually picked up until 2011. What this means, however, is that everything that was planned for 2010 gets pushed back out. Further, that on-going projects that require additional cash in January 2010 would be funded with cash on hand until a final sale amount is determined.

Also, prior to the above vote Commissioner Cooksey said if the motion passed he thinks the Board should develop a plan to go forward on how the County will communicate with the stakeholders, such as CMS and CPCC that issue bonds through the County and get feedback from them on how this delay will impact them. He said they should also be asked to inform the County of what their priority projects are that need to get funded so the Board can see if there's some way to fund them.

County Manager Jones said the intention is to engage all of the stakeholders. He reminded the Board that "we're in an environment where you've got to think differently and do things differently."

Director Diorio said the budget would have to grow by 4.5% in order to accommodate the \$253 million.

Commissioner James asked would staff go back to CMS and ask them to reprioritize their capital list based on a specified amount that would be available to them. *County Manager Jones said staff plans to meet with stakeholders, which would include CMS regarding the County's current circumstances.*

***The Board recessed for lunch at 12:49 p.m. and reconvened at 1:38 p.m.***

**Director Yi addressed the \$90 million gap. Where did it come from and what's being done to manage it. He also addressed FY2010 revenues and expenses from a preliminary numbers standpoint.**

#### **Comments**

Commissioner Cooksey asked whether staff foresees a budget gap for the remainder of FY09. *Director Yi said yes.*

Commissioner Dunlap said he would like to know the numbers as it relates to what will it take just to maintain.

County Manager Jones said staff would continue to encourage the Board to hold true to its pay-go strategy because if pay-go is not funded in the amounts assumed in the scenario addressed by

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Director Yi, that could also have an effect on the County's bond rating. Further, with respect to education services, the \$90 million gap includes level funding for education services. Thus, to reduce the gap there has to be some reduction within those categories and that the same applies to County services.

Director Yi said the better the County is able to manage the FY2009 budget, the better the County can manage the FY2010 budget.

Director Yi said with respect to the 2009 Operating Budget, the County Manager asked County departments to submit some reductions and currently there is \$5 million as a result of that request. With respect to 2010, departments (early December) were directed to look at a 5% reduction in their non-salary accounts and currently this has resulted in about \$10 million. On top of that another request was sent to departments asking them to look at an additional 10% reduction.

It was noted that next week departments will be directed to take a 15% reduction in their remaining FY09 budget, non-salary accounts. CMS and CPCC will also be included in this request but at a 1% reduction. These reductions should get the County about \$20 million. Staff is also looking at unencumbered funds from last year. The total of these actions should save the County about \$29 million.

Commissioner James asked why is CMS being asked for less and why isn't it 50 to 50 for everyone. *County Manager Jones said a 50% reduction for CMS for the balance of the year doesn't seem like a wise thing to do.*

Commissioner Dunlap asked was any consideration given to that during certain periods of time people spend a certain percentage of their budget. He said for example if a department has already spent 70% of their budget and then they're asked to reduce by 15% that it's a lot different from if that department had only spent 20% of its budget at that particular point in time. *Director Yi said this was considered.*

Commissioner Leake asked about the receipt of stimulus funds for school construction. *Director Yi said if that does happen it won't help the County in its current budget situation. It was noted that if funds were received it would impact the FY10 budget rather than the FY09.*

County Manager Jones said staff would evaluate what if any eligibility the County will have for stimulus funding, including the rules for the use of those funds.

Director Yi said staff is also keeping an eye on the number of vacant positions.

County Manager Jones said there was a hiring freeze, but there is an allowance for departments to make an appeal to the Executive Team to fill what they would consider to be essential positions. Further, all travel has been eliminated except for travel which is believed to be essential in the conduct of County government. He also noted with respect to departments coming up with their 15% cuts, it could impact filled positions.

County Manager Jones said in order for CMS to revert any funds, the Board will need an agenda item asking CMS and CPCC to revert funding back to the County.

Commissioner Clarke urged the County Manager to be as creative as he could to preserve jobs.

Commissioner Dunlap said if employees aren't going to receive a pay raise then neither should Board members. He said the issue of travel for Commissioners should also be considered. He said it should be about equality.

Commissioner Cogdell asked what was the annual expenditure for salaries for all employees. *The response was about \$240 million.*

## BOCC ISSUES OF INTERESTS

Board Members introduced and discussed their respective priorities/issues of interests.

*A description of each item of interest is on file with the Clerk to the Board.*

The following items were removed by their respective submitter.

New Jail Overview (Commissioner Cooksey)

Debt Service Primer (Commissioner Cogdell and James) (Commissioner James said he would like to see the revised framework at some point.)

### **Community Health & Safety Focus Area**

#### **Homeless Issues including affordable housing (Commissioners Cogdell and Dunlap Presenters)**

Commissioner Dunlap said there is a lot of land around CMS schools that could be used for housing, thus the Board needs to discuss at some point how it can help facilitate the building of affordable housing and diversify communities by using some of the excess land located around school facilities.

#### **Comments**

Chairman Roberts said she viewed this as a priority. Chairman Roberts said she feels there's a policy question the Board needs to discuss and decide upon, which is what role is the County going to best play, in light of others, including the Foundation of the Carolinas, working on this issue as well.

Commissioner Cogdell said from what he has seen it looks like the County has played a liaison role in a lot of this. He said the Board does need to go back and review its role in addressing these issues and perhaps play a more active role in stimulating the creation and development of more housing units for temporary housing, temporary shelters, and affordable housing units.

Commissioner Leake said with respect to affordable housing that what's affordable for some may not be affordable for others. Commissioner Leake said jobs are needed to help prevent homelessness. Further, that education plays a vital role in all of this.

Commissioner Murrey said collaboration was important when it comes to dealing with the issue of homelessness. He said the issues the homeless face has more to do with just having a building or a place to live. He said he feels if the County took a case management approach as it does in other areas, such as social services, and challenging educational issues, and health issues and collaborate with the City of Charlotte and the Housing Authority that he thinks that's the right place for the County to be from a policy standpoint.

Commissioner Murrey said the County shouldn't be talking as much about putting money towards buildings as it should about the provision of services, such as mental health and health services.

Commissioner Clarke said one of the County's key roles as was told to him by Area Mental Health Director Grayce Crockett, is that of preventing the incidences of homelessness.

Commissioner Cooksey said he's not sure if the County's role is to build buildings. He said he concurred with Commissioner Murrey as it relates to the provision of human services to the homeless.

Commissioner James said the County should find out what excess land the schools may have and where it's located. Further, to see if it's possible to do what Commissioner Dunlap has suggested

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with respect to building affordable housing on excess land near schools. Commissioner James said this concept was also brought up by former school board member and chairman Arthur Griffin about ten years ago but was not successful in achieving this.

Commissioner Dunlap said there should also be a review of policies to make sure it's permissible for the County to consider acquiring land for this purpose. He said the County doesn't have to get into the business of building housing but if the County could acquire the land, that would help facilitate the matter.

**The general consensus was to send this issue of interest to the Board's Health and Family Services Committee and if there are components the committee feels need to be passed on to other committees to feel free to do so.**

Commissioner Bentley suggested the committee review the Ten-Year Plan To End Homelessness.

#### **Service Demand (Commissioner Dunlap Presenter)**

Commissioner Dunlap said he's not sure if discussion is needed at this point, in light of the County Manager's opening remarks regarding the County's current budget situation.

Commissioner Dunlap said he is concerned, however, about the increase in the demand for services, especially in the area of social services.

#### **Comments**

Commissioner Cooksey said the increase in demand for social services is something that the Board is going to have to keep in mind. He said when it comes to budget cuts, rather than having straight across the board cuts that it may be necessary to take a look at how things are prioritized and determine what the priorities are in light of the economy.

Chairman Roberts said if the policy question was how do we meet the demand for increased services with a decrease in resources.

Chairman Roberts posed the question of whether there's another model out there for how services are provided. She said if the County and other agencies are facing declining budgets and an increase in demand for services was there a new model to look at. She referenced how the County and other agencies came together to provide services to victims of Hurricane Katrina in one central location and how well that worked.

Commissioner Dunlap suggested that when facilities are constructed that thought be given to consolidating services in one facility. He said this would reduce the need to construct additional buildings and still have them located in the communities of need. He said it's possible that there are buildings already in certain areas that could be used as full service centers.

Commissioner Leake noted that in some areas of the country schools are used on weekends to provide wrap around services, including providing recreational activities.

Commissioner Dunlap said his thought was that these types of efficiencies would help reduce costs.

**The general consensus was that the question with respect to this issue, is how to meet the demand for services with fewer resources.**

#### **Teenage Youth Employment Program (Commissioner Leake Presenter)**

**Comments**

Chairman Roberts said she supports the idea of youth employment opportunities, however, one of the challenges facing youth in this economy is that they are now competing with adults who have lost their job and are seeking employment wherever they can find it. Further, the reality is that funds aren't available to set up a specific program, but the County should encourage support of hiring youth.

Commissioner Leake said there were opportunities out there and that if the Board was serious about this issue then consideration should be given to establishing a committee to look at this in more detail.

Commissioner Cogdell said he supported the concept, but it'll be challenging to do with the economy the way that it is currently.

Commissioner Dunlap said this issue should be included in the discussion of how do you meet the demand for services with a decrease in resources.

Commissioner Cooksey said his concern was the displacement of workers by youth. He cited as an example youth cleaning an office building. He said when that's done you're displacing the company that had the cleaning contract for that building. He said he thinks the County needs to be creative about findings ways to hire teens or connect them with jobs that already exist. He said perhaps there needs to be a teen job bank or something of that nature to connect teens to the private economy. He said he's hesitant to start a County program to hire teens.

Commissioner Leake said she's not talking about displacing anyone but about providing opportunities for youth to be trained.

Commissioner Bentley said it sounds like what Commissioner Leake is speaking about is an apprenticeship program.

**The general consensus was to keep this issue of interest in front of the Board for future discussion.**

*The Board recessed for a break at 3:11 p.m. and reconvened at 3:27 p.m.*

**Access to Local Foods (Commissioner Murrey Presenter)**

It was noted that this concept should be supported through Park and Recreation.

**Comments**

Chairman Roberts said she believes the County's Cooperative Extension's 4-H program is training youth to learn how to plant vegetables, etc. She said she thinks it's a great idea. Chairman Roberts said she'd be happy to take it to the Board's Natural Resources Committee.

Commissioner Bentley spoke in support and noted a community garden located in Cornelius.

Commissioner Murrey said there are currently seven community gardens in the County and that the Cornelius garden has been very successful.

Commissioner Cogdell suggested the matter go to the Board's Community Health and Safety Committee.

Commissioner Cooksey said this was something that the County should be promoting.

Commissioner Cooksey asked if it was known how much of a public and/or private commitment was associated with these types of gardens.

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Commissioner Murrey said he didn't know the answer but that if this matter is pursued that's something that should be explored from an economic development standpoint.

Commissioner Leake said she would like to see the youth employment concept tied to this.

**The general consensus was to refer this issue of interest to the Board's Natural Resources Committee and the Health and Community Safety Committee for further discussion in a joint meeting session.**

### **Efficient & Effective Government**

#### **Funding for Outside Agencies (Commissioners Cooksey and Roberts Presenters)**

Chairman Roberts said she would like for staff to have outside agencies run through departments or through a grant process among the staff who are experts in that area to prioritize and rank those requests, which would take the politics out of the process.

Commissioner Cooksey said he was seeking more clarification regarding the outside agency process and how are they selected. He said he's concerned that there's no citizen involvement in the selection process. He's also interested in how the County measures outside agencies and how is the determination made to continue funding or to phase out funding a particular outside agency. Commissioner Cooksey said a lot of the outside agencies have the ability to raise funds.

#### **Comments**

Commissioner Dunlap said moving forward he would hope that any outside agency that's funded, would also be required to submit to evaluation.

Commissioner Dunlap said the County needs to do more in terms of making sure agencies that receive funding and the County's not required to fund, fill a gap and an unmet need in the community. Further, the County needs to make sure that agencies funded don't replicate each other in terms of what they do.

Commissioner Bentley asked had the County ever ceased funding to an outside agency mid-year. *Director Yi said not to his knowledge. He said the County has put outside agencies on a "watch list" when their finances were considered questionable.*

Director Yi gave an overview of how the outside agency process works.

Commissioner James said he supported Chairman Robert's idea to have outside agencies run through departments or through a grant process among the staff who are experts in that area to prioritize and rank those requests, which would take the politics out of the process. He would like to see an evaluation and ranking of the request.

Commissioner Leake said she echoed what Commissioner Dunlap said regarding duplication of services, especially in the area of education. She referenced Communities-In-Schools as an example of doing the same thing that CMS does but there's no evaluation of their services. She also referenced Partners in Out of School Time (P.O.S.T.) and noted that CMS provides afterschool programs as well.

Commissioner Clarke suggested there be a policy that the County not fund any outside agency that has not been through an evaluation process conducted by the County's Strategic Organizational Improvement (SOI) office. Further, that the County Manager look into "beefing" up the performance of that analysis in order to weed out any agency that's not performing or filling the gap, or supplementing an important service of stakeholders.

Commissioner Dunlap said any time you consider outsourcing there are a number of issues that should be considered, such as, whether or not there's a ten percent savings and whether you have

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the ability to monitor it. Commissioner Dunlap said what the County doesn't want to find itself in the same situation that the City has with respect to the affordable housing issue, with funds being allocated and not being able to say what happened to them.

Commissioner Cogdell said it's important that stakeholders be informed of any changes in policy.

County Manager Jones said there have been times when the County stopped funding an outside agency because of performance issues. He said there have also been times where staff has recommended funding be stopped but because of decisions made by the Board, funding continued.

**The general consensus was that this issue of interest go to the Effective and Efficient Government Committee to set guidelines and selection criteria for staff to help them prioritize. Further, that everything would need to come through staff before it comes to the Board for approval and that those guidelines and priorities that the Board set would be evident when staff bring the report forward. It was the consensus also that the committee considers Commissioner Clarke's suggestion regarding a policy requiring an evaluation by SOI.**

#### **City/County Consolidation (Chairman Roberts Presenter)**

##### **Comments**

Commissioner Cooksey said one area that staff should continue to study is the permitting process for building permits, etc. He said having them co-located in one facility may assist with this.

Commissioner Cooksey asked County Manager Jones if he thought overall consolidation would result in efficiencies that might streamline government even more.

County Manager Jones said for the most part things are already functionally consolidated. He said there are a few areas that aren't, primarily human resources, finance, and technology. Further, that several years ago it was thought that savings might be somewhere in the neighborhood of \$4 to \$5 million by consolidating government and creating some efficiencies there. County Manager Jones said he feels true consolidation in the County would involve discussions with the towns as well as. He said when you talk about being functionally consolidated with the City there are other areas of service that the towns provide and are operating separately.

Commissioner James commented on the history of this issue.

Chairman Roberts said she would assume the Board is interested in continuing with functional consolidation but that she'd like to know if there was any interest in looking at political consolidation.

Commissioner Leake said she's opposed to political consolidation. She said the residents of District 2 have said no to this idea as well. She said the concern is that there would not be equitable representation of people of color.

Commissioner Dunlap said he thinks management should be charged with continuing to look at functional consolidation. With respect to total consolidation, consideration needs to be given to the impact of that on the towns and raises the question of should they be denied the right to govern themselves.

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Commissioner Clarke said the only way to make an informed decision would be to have a consultant to look at it to see how much can be saved. Commissioner Clarke said residents are confused as to who does what.

Commissioner Murrey said it's an interesting concept but is somewhat academic. He said he thinks the County has enough on its plate and it's unlikely that this is going to rise up high enough on the radar screen to be something that folks want to invest a lot of capital in to try and fix, at least not this year.

### **Intergovernmental Relations (Chairman Roberts Presenter)**

Chairman Roberts said she doesn't feel the current lobbyist has kept the Board informed. She said the majority of contact is with staff.

### **Comments**

Commissioner Cooksey said there's no substitute for having the elected officials personally involved.

General Manager Michelle Lancaster explained what the process has been with respect to working with the County's lobbyist. She said if the Board as a whole or the Chairman wants more involvement then that can be arranged.

Commissioner Cogdell said he would like to know the terms and duration of the contract with the lobbyist, state and federal. Commissioner Cogdell said he would also like information regarding the other local governments that each of the lobbyist have worked with.

General Manager Lancaster addressed the history of the lobbyist.

Commissioner Cooksey asked staff to comment on the performance of the County's current lobbyist. *Assistant to the County Manager Nyki Hardy said since she's been involved with this area, she's been pleased with the responses she's received. She said if the Board wants more direct contact then that can be arranged. The way that it has worked in the past is that staff has been the liaison.*

Commissioner Cooksey said he thinks the Board should receive weekly updates.

Commissioner Dunlap said he thinks this is a conversation that needs further discussion and recommended that it be placed on a future Budget/Public Policy workshop agenda to talk about how this has been operated in the past, how would the Board like for it to work in the future, and are the current firms meeting the County's needs.

Commissioner Clarke said the County needs to utilize its federal delegation more.

**The general consensus was that this matter be discussed at a future Budget/Public Policy meeting. Also, Chairman Roberts will work more closely with staff regarding some of the issues she has with respect to her communication with lobbyist.**

### **Domestic Partner Benefits (Chairman Roberts Presenter)**

### **Comments**

Commissioner Murrey said he supports it and there's no additional cost associated with it for the County. He said it's consistent with what other companies are doing or have done.



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Commissioner Dunlap said he would like to see it expanded because there are heterosexual people that aren't married but they live together.

Commissioner Cooksey was not supportive of the request. Commissioner Cooksey said he thought it was a cost issue. Further that it's a distraction for the Board and he feels the Board has more important things to deal with. He also thinks it undermines the state constitution's definition of marriage.

Commissioner Leake said she would like to know more about the cost impact.

Commissioner Cogdell said he supports sending it to committee for more discussion and more information. He said he thinks it's an access to health issue and an equity issue. Further, that in order to be competitive, it may be necessary to offer this.

Commissioner Clarke said he supports the idea and feels the Board should direct the County Manager to approve HR's development of a proposed policy for implementation.

Commissioner James asked would this mean also that the Board would receive information from the legal staff regarding the legal status of doing this. He referenced the situation in Durham County. Commissioner James said he would also like a definition of Domestic Partner. Commissioner James said he thinks it's a moral issue and also that it's illegal under NC law.

Commissioner Bentley said she didn't support moving forward. Commissioner Bentley said her decision doesn't mean she's not tolerant. Commissioner Bentley said data shows that it does increase cost. Commissioner Bentley said it could possibly also be considered fraud since NC law doesn't consider domestic partnership as marriage.

**The general consensus was to send the matter to Human Resources for development of a proposal that would include more detail.**

### **Growth Management & Environment**

#### **Park Use (Commissioner Cogdell Presenter)**

##### **Comments**

Commissioner Clarke said his recommendation would be to ask the Park and Recreation Commission to review the overall policy and to answer the question of what are the policy guidelines that the County will use to enter into contracts in the future with groups that are willing to put up development money for park and recreational facilities.

Commissioner Dunlap said the concern he has heard is that of double taxation because as taxpayers you pay for the building of a facility and then you pay another fee in order to use or have access to the facility. Commissioner Dunlap said the issue of user fees needs to be looked into. Commissioner Dunlap said the inability for youth to pay, should not prohibit them from having access.

Commissioner Dunlap said he'd like to see more partnerships with associations, so that maybe they can grant scholarships to youth who don't have access. Also, that the Board asks the Park and Recreation Commission to consider a moratorium on entering more contracts until there's an evaluation of what impact the current contracts have on citizens' ability to have access to facilities.

Commissioner Cooksey said his fear is that if you don't have organized associations running these fields, then the fields will sit empty. He said one thing that needs to be looked at is what are these associations doing to encourage the neighborhood youth to get involved with the association or leagues. He said he thinks most of the leagues have a sliding fee scale but he's not sure how active they are in going out and recruiting youth that may need assistance.

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Commissioner Leake addressed the pool at West Charlotte High School and noted that it's not being used after hours or during the summer months. She said the community has been trying forever to get Park and Recreation to open the pool up to the community during these times. She said there are also other facilities on the Westside that residents are saying they don't have access to.

Commissioner Cogdell said he concurred with Commissioner Cooksey's comments regarding the value of having partnerships with associations to assist with the upkeep of the fields and also his comment about encouraging associations to do more outreach in the community if it's not being done.

Commissioner Cogdell noted that he also supported Commissioner Dunlap's suggestion that the Park and Recreation Commission consider a moratorium on entering more contracts until there's an evaluation of what impact the current contracts have on citizens' ability to have access to facilities.

Commissioner Clarke said he supports the idea of a moratorium for reasons noted by Commissioners Dunlap and Cogdell. He noted, however, that although the matter of moratorium should be discussed by the Park and Recreation Commission, that decision is a Board decision.

**The general consensus was to let staff follow-up on this issue of interest, per the comments made and report back to the Board at a future budget/public policy meeting as recommended by the County Manager.**

The following were the other list of issues of interests, but because of time, they were not discussed at today's meeting.

Air Quality (Chairman Roberts)  
Support of Green Technology (Chairman Roberts)

Social, Education, & Economic Opportunity  
CMS Funding Framework (Commissioners Dunlap and James)  
Teacher Supplement (Commissioner Leake)  
Improving Low Performing Schools (Commissioner Murrey)

### **Wrap-Up**

Anne Udall asked Board members to comment briefly on their assessment of how today's meeting went, which they did. Everyone said they were very pleased with how the day had gone. Staff was thanked for their work.

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

***A copy of the Strategic Planning Conference agenda is on file with the Clerk to the Board.***

### **ADJOURNMENT**

There being no further business to come before the Board the meeting was declared recessed at 5:07 p.m. until Friday, January 30, 2009 at 8:00 a.m. same location.

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Janice S. Paige, Clerk

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Jennifer Roberts, Chairman