

FEBRUARY 25, 2010

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 Mahlon Adams Pavilion at Freedom Park located at 2435 Cumberland Avenue, Charlotte, NC. on Thursday, February 25, 2010.

ATTENDANCE

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

Absent: Commissioner Neil Cooksey

Commissioners Dunlap and Murrey were absent when the meeting was called to order and until noted in the minutes.

The meeting was called to order by Chairman Roberts.

The purpose of the meeting was to hold the Board's annual Strategic Planning Conference.

County Manager Jones, prior to giving opening remarks, turned the meeting over to Budget/Management Director Hyong Yi.

Director Yi reviewed news media headlines about budget challenges other jurisdictions were facing across the state and across the country.

Commissioner Murrey entered the meeting.

Director Yi concluded by saying the County's budgetary situation was "not unique." He said it was not something that the County "created" or did. He said Mecklenburg County was one among many jurisdictions finding themselves in this type of budgetary situation. Further, that the size of the jurisdiction had no bearing because all jurisdictions were being impacted by the economy.

Director Yi said "doing more of the same" probably was not going to "cut it."

County Manager Jones gave opening remarks, a copy of which is on file with the Clerk to the Board.

Highlights from County Manager Jones' remarks:

"We must have the discipline to accept and confront the most brutal facts of our current reality. The brutal facts are that we are at the bottom of a very large financial hole and we are not getting out of this hole any time soon...not next year, not the year after that... and perhaps beyond."

FEBRUARY 25, 2010

“Unless the Board and our community are prepared to support raising taxes, Mecklenburg County government must shrink, contract, cut, reduce, and/or eliminate current programs, services, projects, facilities, positions, and employees, including many programs and services that are near and dear to the people in this room and those we serve in this community.”

“There is one decision point—one strategic issue for the Board that will drive nearly every other decision regarding next year’s budget: It’s the issue of how we use fund balance in relation to capital spending.” “The decision the Board makes on this issue will determine the extent to which we will shrink, contract, cut, reduce and/or eliminate programs, services, projects, facilities, positions and employees.”

Director Yi then reviewed the agenda for today’s session, as well as tomorrow’s session, February 26, 2010. He also introduced Anne Udall and Vi Lyles with The Lee Institute who would be facilitating the meeting.

Ms. Udall went over the ground rules for conducting the session.

The Board then heard from Economist John Connaughton, Professor of Economics at UNC-Charlotte, Kenny McDonald, Executive Vice-President, Economic Development Services, Charlotte Regional Partnership and John Silvia, Chief Economist with Wells Fargo & Company.

Highlights:

John Connaughton, Professor of Economics at UNC-Charlotte said:

- “The recession is over.”
- The U. S. economy for the last couple of quarters has grown “fairly well.”
- We continue to receive “bad” employment and unemployment information. He said what’s being received were lagging indicators that trail what’s going on in the economy by at least six to nine months.
- Nationally, we’ve lost 8.4 million jobs in the last 25 months.
- The losses are getting smaller but jobs are still being lost.
- At the State level we’ve lost jobs for 24 months, 250,000 jobs.
- The problem is that when people don’t earn income, they don’t spend money. In addition when people are watching others lose their jobs they tend to cut back.
- When people don’t spend that impacts sales taxes.
- Unfunded mandates also continue to be a problem.
- The County is less affected by output growth than it is by the employment situation.
- Even though the Board will start to see GDP growth this year, probably in the three percent range, which signifies that the economy is recovering and we are producing goods and services, that doesn’t equate to local government budgets, because you’re not connected to that.
- Local governments are connected to the employment situation.
- The thing the Board wants to pay a lot of attention to is the first Friday of every month when the Bureau of Labor Statistics announces their employment situation.
- While the economy may recover and GDP may go up, unless we can figure out a way to get the employment growth started again, get the unemployment rate to start coming down, then local government budgets are not going to be improved substantially over the next couple of years.

- Kenny McDonald, Executive Vice-President, Economic Development Services, Charlotte Regional Partnership (CRP) said:
 - There’s a lot of stress on local governments.
 - The topic of the day is how do you create jobs.
 - The CRP was here to help pursue jobs.
 - Companies are being forced to consolidate their operations and are looking to see where they can get the best available talent, in the best possible location, and at the best possible cost.

FEBRUARY 25, 2010

- The Charlotte/Mecklenburg region was probably winning more of those “battles” than they were losing them.
- The fact that the community has come together to have dialogue regarding the economy was an advantage.

Mr. McDonald addressed the recruitment of businesses to the region.

Mr. McDonald said “we’re all economic developers” and that everyone needed to promote the region. He said economic recovery will be very regional and that there would be parts of the region that recover quicker and better than others.

Mr. McDonald shared handouts of where the region was today economically from CRP’s perspective as it relates to labor conditions and targeted employment sectors.

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

John Silvia, Chief Economist with Wells Fargo & Company distributed a handout that addressed economic changes over the past year and what to expect over the next 6-12 months.

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

Mr. Silvia emphasized the County Manager’s points, per his opening remarks, that the “biggest challenge” for the Board will be to “define the new normal.”

Mr. Silvia said:

- “We’re in a recovery, but if you look at the data, the Charlotte/Mecklenburg metropolitan area has actually been slowing down in terms of population growth and property values, labor force and employment for a good twenty years.
- We’ve grown bigger but the growth of the population and the other areas mentioned have slowed down.
- He advised the Board to be very careful of “grandiose” projects. He cited the baseball project as an example and said it was a “good thing” the County didn’t move forward with it.
- He emphasized the County Manager’s point about sustainable versus situational.
- There will probably a positive job number, per the Bureau of Labor Statistics’ next report and the federal census will probably help that number.
- The private sector, except for construction, is adding jobs but the types of jobs are quite different.
- The problem that exists in the community is that the college educated and computer literate people will get jobs but the “old blue collar” people will not. He said this creates “huge” social services problems for the county.
- He echoed that economic recovery will be regional, which may pose problems.
- He said the Board will have to figure out what’s sustainable.

Comments

Commissioner Clarke clarified that the baseball project was to be a privately financed venture 100%.

Commissioner Clarke commented on the County’s ability to create jobs by 1) hiring more employees, which he said probably won’t be occurring, 2) through the Business Investment Grant program and 3) through capital spending.

Commissioner Clarke said the “new normal” hints at the County reducing capital spending. He asked would it be a good or a bad idea for the County to stop borrowing and capital spending.

FEBRUARY 25, 2010

Commissioner Clarke said if the County were to stop, it would protect its AAA credit rating and if the County continued its capital spending, the County runs the risk of having its credit rating reduced.

Mr. Silvia said the Board had to make choices. He said there were things the County can do and cannot do, thus you have to do something in between. Mr. Silvia said you have to select three or four projects that were “really” important and finish those projects. He said the remaining projects would have to be put on the “back burner.”

Mr. Connaughton said infrastructure spending creates construction jobs, but they’re temporary construction jobs. Mr. Connaughton said he would pose the question of whether there was capital spending that the County could engage in that not only creates construction jobs temporarily but also has an on-going sustainability to it.

Mr. Connaughton said government cannot take care of the job lost problem alone, that the private sector had to be involved.

Mr. Connaughton said if he was a Board member, he would spend capital based on the private sector’s sustainable jobs to be gotten over the “long haul.” He said that’s the only way the County could work its way out of that. He said it’s about getting jobs in “perpetuity.”

Mr. McDonald said we live in a competitive atmosphere where we compete for projects. He said we have to look at the infrastructure that’s being placed in the ground that’s going to make the community competitive three – five years from now. He said when jobs do come on-line, the needed infrastructure needs to be in place.

Mr. McDonald said even if we can’t move forward the way we were, we need to continue to try and move ahead and keep making progress, even if it’s incrementally.

Commissioner Bentley asked about the impact of the housing tax credit and the extension of that, the Cash for Clunkers Program and the replenishment of inventories in the manufacturing sector, on the positive recovery that’s being seen and the sustainability of the recovery per these programs.

Mr. Connaughton said the Cash for Clunkers Program was “dumb.” He said it was “dumb” because all it did was push forth sales. He said that type of program “sounds good” but from an economic standpoint it doesn’t work. He said the auto industry, however, had been hit incredibly hard so it was a way to stimulate sales.

Mr. Connaughton said the problem was that people who use to be able to get loans to buy cars and homes can’t get those loans anymore, partly because banks have taken on a different view about risk. He said people were also a little more conservative in their spending patterns.

Mr. Connaughton said with respect to the home buyer credit, it was a very successful program in terms of generating sales, but like the Cash for Clunkers Program, the real fear is what happens once it’s over. He said his fear is whether the housing market will take another dip in the summer.

Mr. Silvia addressed the recent home sales data in response to the home buyer credit issue.

Mr. Connaughton addressed replenishment of inventory in manufacturing.

Mr. Connaughton said he doesn’t think any of these programs are sustainable. He said if consumers don’t spend “this is it.”

Commissioner Cogdell asked what could the Board do to make this region as competitive as possible in the short term, in light of things happening nationally and globally that the County had no control over.

FEBRUARY 25, 2010

Mr. McDonald said it was about priorities and determining which capital investment would the County gain the most from.

Mr. Silvia addressed the importance education and of students graduating from high school. He said we need to re-orient education with the understanding that not everyone is going to or wants to go to a 4-year college, which means students need to be given the opportunity to learn a skill, something that's going to be meaningful over their life time.

Mr. Connaughton said N.C. had lost 300,000 manufacturing jobs since December 2000. Mr. Connaughton said there was a clear link between education and the unemployment rate and that those without a high school diploma will have a higher percentage of unemployment.

Commissioner Murrey asked about capital infrastructure that would fit the criteria described by Mr. Connaughton, one that creates on-going or sustainable private sector jobs. He said the baseball park referenced by Mr. Silvia would fit that criterion. *Mr. Connaughton said that was correct.*

Commissioner Murrey asked what would be other examples of projects meeting that criteria. Commissioner Murrey said he viewed what Mr. Connaughton said to mean that it would include public/private partnerships that leverage a small government investment to get a big private sector investment and creates jobs. *Mr. Connaughton said that interpretation was correct.*

Mr. Connaughton said the question was how does government best use its funds to create jobs. He said the model described by Commissioner Murrey was probably the model that would get you the most "bang for your buck," public/private partnerships.

Commissioner Murrey asked was it reasonable to say that a couple of things that the County should look at were not just job creation but opportunities for wealth creation and access to capital, which was addressed.

Mr. McDonald said you have to do things that "attack the economic base, to set the economic base, to rebuild it, diversify it," and to look at those things that bring "new" money into the community.

Chairman Roberts asked about service jobs and which one's won't be coming back because people no longer have the disposal income that they once did. Secondly, would service jobs in the area of health care be enough to fill some of the gaps caused by the lost of certain service jobs and manufacturing jobs.

Chairman Roberts commented on education and noted that the County's role was not a policy setting one. She said the County's involvement was with respect to operating cost and capital cost.

Mr. Silvia said health care jobs would not make up for the manufacturing jobs lost. Further, that when looking at this, look for ways to get people ready for these health care jobs in terms of training.

Mr. Connaughton said some of the service jobs reduced because of a lack of disposal income would come back when disposal income comes back.

Commissioner James commented on debt. Commissioner James said if the County had spent less during the "good times," it would have more to expend to maybe pull the County "out of the box it's in." He asked the panelist to comment on how the County should manage its debt.

Mr. Silvia said the County has to look at what its debt is and it has to say what is sustainable basic growth in this community that we can generate tax revenues to pay off that debt to keep our AAA rating. Mr. Silvia said you have to do the math. He said someone has to figure out what the

FEBRUARY 25, 2010

sustainable growth rate is in the community. What's the growth rate in the tax base and based upon certain rates and assumptions, what is the growth in revenue that we have that we can pay off the interests. He said do the projects that you can afford.

Mr. Connaughton said he didn't think the County was in a position of being on the edge of losing its AAA rating as the rating agency would have you believe. He said it's probably prudent, however, to maintain the AAA rating because it's probably harder to get it back than it is to keep it.

Commissioner Leake asked how do you communicate to the public the economic and job situation that the community finds itself in.

Mr. Connaughton said he thinks the public understands the "tough" choices that are going to have to be made. He said you will hear from some but that will be a minority.

Mr. McDonald said despite the tough economic times communities are having, that there were still a lot of good things happening and that's what the public should be informed about. He said parents and students should be shown what's going on in some of the industries. He said he thinks students and parents have to see what's going on. He said success sells.

Mr. Silvia said the church was a good way to communicate to the public.

County Manager Jones asked Mr. Connaughton at what point does he see the unemployment rate returning to the level that it was before the economic downturn began.

Mr. Connaughton said it would be five to seven years before the unemployment rate return to what it was before the downturn.

The Board recessed at 10:35 a.m. and reconvened at 10:50 a.m.

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

Commissioner Dunlap entered the meeting.

FY2010 FINANCIAL STATUS AND FY2011 PRELIMINARY OUTLOOK

Finance Director Dena Diorio gave an update on the status of the current budget as well as provided a projection on how the recession might impact the County's finances in FY2011.

The following was covered

- Property Tax Collection
- Assessed Valuation
- Sales Tax
 - It was noted that sales tax probably will not be as projected for this year, thus, in next year's budget the projection will be lower.
- Investment Income
- Total Revenue for FY09 and Projected Revenue FY10 and Variance from Budget
- Charges for Services
- Expenditures
- Bond Rating
 - It was noted that the Bond Rating Agencies have expressed concerned regarding the County's debt levels and use of reserves.
- Fund Balance
 - It was noted that the decisions the County makes around fund balance for FY11 will impact the County's bond rating.)
- Fund Balance Use Options for 2011

FEBRUARY 25, 2010

- Debt Policy and Capital Planning
 - It was noted that the debt policy was developed assuming there would be growth and that when you have growth in the budget, you can take on additional debt service. However, when the budget shrinks, you hit your targets without taking on any new debt and that's the case for FY2011. Further that based on the two revenue scenarios presented by Director Yi at the last Board meeting, the County is at risk of violating its debt policy as it relates to debt service as a percentage of the operating budget.
- It was noted that any further erosion in the local economy may result in a downgrade in the County's bond rating regardless of what action the County takes.

Comments

Commissioner James asked if the sales tax numbers had been revised since the Board's last update. *The response was no, the sales tax projection has not been revised yet. They will be revised with the February fund balance projection. Staff will have to take that number down and it could be as much as \$10 million. It was noted the number was received for the February distribution which was included in what was presented.*

Commissioner James asked in terms of revenue was staff anticipating that as a result of the way things look, staff was going to have to reduce revenue through the end of the year by roughly an additional \$10 million and was that on top of the \$24 million. *The response was yes.*

Director Diorio said the revenue shortfall would potentially be \$34 million as things stand to date.

Commissioner James asked what was the plan for recouping this.

County Manager Jones said the numbers were being reviewed, per feedback received from departments. Further, that it's a strong possibility the County may have to ask Charlotte-Mecklenburg Schools to revert funds back, unless departments are asked to cut more from this year's budget.

Commissioner Cogdell asked what was the gap last year at this time, which was addressed.

Commissioner James asked about fund balance and the 8% excess which was addressed.

Commissioner Clarke asked about the concerns of the rating agencies and what would be the best way to address those concerns, which was addressed.

Commissioner Clarke asked if the County was to get downgraded, would it be downgraded two notches. *Director Diorio said it could, but the assumption would be that it would only be one notch.*

Commissioner Murrey asked for clarification regarding debt to market value and debt per capital and what were the drivers for this, which was addressed.

Chairman Roberts asked about the cost of the downgrade and would that be an annual cost which was addressed.

Commissioner Cogdell asked for clarification on what was meant by AA Plus bond rating, which was addressed.

County Manager Jones said this year was really going to be about what the Board's priorities are.

General Manager John McGillicuddy said the Board will have to make a decision regarding what it was willing to cut in services in order to maintain a AAA bond rating or how important was a AAA bond rating versus services that would have to be cut.

FEBRUARY 25, 2010

Commissioner Bentley asked about capital spending for Charlotte-Mecklenburg Schools which was addressed.

Commissioner Dunlap asked had any analysis been done to determine if in today's market whether it would be advantageous to build a facility because the cost of construction would be cheaper as oppose to waiting because the funds aren't there for operating cost and you end up building at a higher cost. *County Manager Jones said he was not aware of any analysis that had been done, but he has heard that this was a good time to go out and seek bids because construction cost is down and even labor cost may be down.*

Commissioner Clarke asked about FY2011 allocated projects and how many of them were currently underway. *Director Diorio said there was \$10 million of the amount shown in the information shared that would be used to finish on-going projects.*

Chairman Roberts with respect to capital spending asked was there a certain point where the County would need to let its partners know that they should not start anything new. *Director Diorio said the County was already at that point and no one has been given any funds to start anything new. Director Diorio said they've been informed already of where things stand.*

Commissioner James said the County could look at selling assets to fund debt, such as the block that was going to be used to build a ballpark on. Also that Charlotte-Mecklenburg Schools had several low attendance schools that they're considering closing.

Commissioner James said if the County was going to long term solve its problem with the rating agencies, the County has to show them that whatever policy is created that it doesn't generate a close to zero fund balance.

Commissioner James said he thinks the cuts that were going to have to be made would be more than what had been shared by staff thus far.

County Manager Jones said everything was on the table with respect to reductions, with respect to services, up to and including, consideration for the sale of assets.

County Manager Jones said it was not about just getting through this year but that he has an obligation to be thinking two – three years out about how the County was going to manage its service delivery process.

Commissioner Murrey said he would like to see what a \$70 million budget cut would look like in terms of services, which was addressed.

County Manager Jones said he would present the Board with a budget recommendation that limits the service priorities for Mecklenburg County. He said he didn't know what that looked like currently, but he would report back to the Board.

The Board recessed for lunch at 12:15 p.m. and reconvened at 12:55.

Commissioner Clarke asked for clarification regarding the Moody's report and what their concerns were regarding fund balance. Director Diorio said the best way to address it was to not appropriate any of fund balance or only a minimum amount.

Chairman Roberts asked how would the rating agencies view a tax increase. *Director Diorio said staff hadn't received a lot of feedback from the rating agencies regarding raising taxes. Director Diorio said what the rating agencies want is for a community to have a structurally sound balanced budget whether it's achieved through tax increases, fee increases, etc.*

Commissioner Cogdell with respect to debt per capital, asked assuming no new debt was issued and assuming no change in 2003 and 2011 tax values, how many years would it take before the

FEBRUARY 25, 2010

County could get that back down to about 2%. *Director Diorio said she would have to go back and calculate it.*

Director Yi and Anne Udall with The Lee Institute reviewed what staff felt were main areas, per the discussion thus far, that the Board has to deal with and the interrelationship of those areas. They also posed five questions that the Board needed to consider. It was noted that staff wanted direction from the Board on these areas which would give the County Manager direction for moving forward with preparing his recommended budget.

The areas noted by staff were:

- Fund Balance
- Educational Services
- County Services
- Tax Rate
- AAA Bond Rating
- Capital Projects / Debt Service

The questions posed were:

- What are the trade offs?
- What are the choices?
- What would your approach be?
- What would you protect first?
- What can you all agree on?
- What direction would you provide the County Manager?

Comments

County Manager Jones suggested the Board consider under Educational Services, which generally means funding for Charlotte-Mecklenburg Schools and Central Piedmont Community College, to also include under that Educational Support Services. County Manager Jones said Educational Support Services includes things like the Starfish Academy and Communities in Schools.

Chairman Roberts with respect to the debt ratio said for her, capital projects would be a lower priority with one exception perhaps, the jail project. She said the Board would need to have discussion regarding the jail project.

Commissioner Cogdell said his response to what staff asked was that 1) there would be no tax increase, 2) no reduction in Education Support Services or in the department of social services, 3) to defer all new capital projects, and 4) use pay-go to complete existing construction.

Commissioner James said his response to what staff asked was that 1) there would be no tax increase, 2) defer most capital projects, he's not sure about the jail at this point, 3) fund balance should be increased in order to provide some "cushion" and 4) that county services and educational services should be cut.

Facilitator Udall noted that thus far the areas of agreement were: no tax increase and delay most or all capital projects and make it a low priority.

Commissioner Clarke said the priority for him would be to ensure the County's debt service as a percentage of the operating budget was at 20% or less.

FEBRUARY 25, 2010

Commissioner Clarke said he was okay with delaying capital spending but opposed to cutting county services and education services.

Commissioner James said if the Board doesn't cut Charlotte-Mecklenburg Schools then most of the cuts would fall on the county.

Commissioner Murrey said all of this should be looked at as a multi-year process and not just for 2011.

Commissioner Murrey said he was 1) opposed to decreasing education support services, 2) supportive of no tax rate increase and 3) delaying capital spending.

Commissioner Bentley said with respect to educational services, she would like to see the performance data for Charlotte-Mecklenburg Schools and Central Piedmont Community College.

Commissioner Bentley said she was 1) supportive of no tax rate increase, 2) keeping the AAA bond rating and 3) delaying most but not all capital projects.

Commissioner Dunlap said he was 1) supportive of no tax rate increase, 2) of delaying most but not all capital projects, and 3) opposed to decreasing educational services. Commissioner Dunlap said he would like an analysis on "essential" county services.

Commissioner Leake said she was 1) supportive of no tax rate increase, 2) of delaying most but not all capital projects, 3) to complete those capital projects that have been started, 4) keeping a AAA bond rating, and 5) maintaining fund balance.

Commissioner Leake said with respect to education services, she needs a definition of that because if it's about supporting CMS, she has a concern about the quality of support for academic programs that impact children rather than programs that don't.

Chairman Roberts said she would be supportive of education being the "hedgehog" with the stipulation that the County have performance data and that would be true for education support services as well. Also, with respect to AAA bond rating, she's more concern with managing the County's debt. Also, she "probably" would support a no tax rate increase and she doesn't think fund balance should be increased. Chairman Roberts said current services should not be cut in order to increase fund balance.

Commissioner Clarke said with respect to a tax rate increase that his take would be no increase of more than 5% from the current rate.

Facilitator Udall said per comments, the areas of agreement were:

- No tax increase
- Delay most but not all capital projects
- Consider reductions in county services and education services, except for education support services.

Commissioner Dunlap asked what do you lose if you lose your AAA bond rating. *Director Diorio said fees would go up for a lot of the county's purchase agreements for variable rate debt.*

Commissioner Bentley asked was it true the rating agencies were responding to the reality of the market and if so, was this a short term reality. *Director Diorio said there was some legitimacy regarding how the rating agencies have responded but that Mecklenburg County was told prior to the economic downturn that its rating was on that level.*

Director Diorio said once you lose your AAA bond rating, it's very difficult to get it back. She said it's easier to try and keep it, than it is to get it back.

FEBRUARY 25, 2010

Commissioner James said keeping the AAA bond rating long term was important, as well as, keeping fund balance. He said short term “you’ve got to sacrifice county and education services to support that. Commissioner James said when it came to fund balance he doesn’t want to lose what the County already has.

Commissioner Murrey said he would add to what the consensus appeared to be with respect to areas of agreement, that the Board keep what it knows works to achieve those goals.

Chairman Roberts said in terms of education that performance needed to be considered but the Board needs to be very careful about any cuts because there will be a lot of ripple effects.

Commissioner Dunlap asked what if you could fund line items in Charlotte-Mecklenburg Schools’ budget. Commissioner Dunlap said he would be comfortable with looking, for example, at furniture replacement. He said there were millions of dollars in that budget. He said he knows the Board can’t control that but the Board could say instead of replacement every five years, do it every ten years for savings purposes. Commissioner Dunlap said the Board should see if the Board of Education was willing to have that type of discussion.

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

Commissioner Bentley said there needs to be dialogue with the Board of Education.

Commissioner Leake, chairman of the Board’s Educational Liaison Committee said she was trying schedule a meeting with the Board of Education’s Liaison Committee members.

Facilitator Udall said staff would like clarification regarding fund balance.

Commissioner Clarke said maintaining an adequate fund balance that would address the concerns of the rating agencies is a key component of that. His view would be not to reduce fund balance at all.

The Board recessed at 2:35 p.m. and reconvened at 2:45 p.m.

BALANCED SCORECARD CHANGES

Planning and Evaluation Director Leslie Johnson presented proposed changes to the Community & Corporate Scorecard.

The proposed changes were as follows:

Effective & Efficient Government – Percentage Property Tax Revenue Proposed Change Options

- Revise to a realistic, attainable target taking economic realities into consideration or
- Delete measure if no longer relevant for decision-making of the Board (staff recommends)

Effective & Efficient Government – Property Tax to Household Income Options

- Revise calculation methodology to be based on the effective tax rate (thereby adjusting for last revaluation) or
- Revise calculation methodology to be based on the effective tax rate (thereby adjusting for last revaluation) and to report the full tax burden by including the tax rates for cities and towns (staff recommends)

Effective & Efficient Government – Competitiveness of Tax Rate to Businesses Proposed Change

FEBRUARY 25, 2010

- Delete measure and have staff explore the feasibility of developing an alternative measure that assesses the competitiveness of attracting businesses to the County considering multiple factors-not just the tax rate (staff recommends)

Motion was made by Commissioner Bentley, seconded by Commissioner Dunlap and carried 7-0 with Commissioners Bentley, Clarke, Cogdell, Dunlap, Leake, Murrey and Roberts voting yes, to approve the following changes to the Community & Corporate Scorecard:

- Effective & Efficient – Percentage Property Tax Revenue - Delete measure because it's no longer relevant for decision-making of the Board.
- Effective & Efficient Government – Property Tax to Household Income - Revise calculation methodology to be based on the effective tax rate (thereby adjusting for last revaluation) and to report the full tax burden by including the tax rates for cities and towns
- Effective & Efficient Government – Competitiveness of Tax Rate to Businesses - Delete measure and have staff explore the feasibility of developing an alternative measure that assesses the competitiveness of attracting businesses to the County considering multiple factors-not just the tax rate

Growth Management & Environment – Proposed Change

Rename the Focus Area to Sustainable Community

Growth Management & Environment – Customer Satisfaction with Recreational Opportunities – Proposed Change

Report as a sublevel measure of Customer Satisfaction and align to the Effective & Efficient Government Focus Area

Growth Management & Environment – New Measures – Proposed

Environmental Leadership Index
Park & Recreation Capital Ratio
Insurance Services Office Ratings

Motion was made by Commissioner Bentley, seconded by Commissioner Dunlap and carried 7-0 with Commissioners Bentley, Clarke, Cogdell, Dunlap, Leake, Murrey and Roberts voting yes, to approve the following changes to the Community & Corporate Scorecard:

- Growth Management & Environment – Rename the Focus Area to Sustainable Community
- Growth Management & Environment – Customer Satisfaction with Recreational Opportunities – Report as a sublevel measure of Customer Satisfaction and align to the Effective & Efficient Government Focus Area
- Growth Management & Environment – New Measures
 - Environmental Leadership Index
 - Park & Recreation Capital Ratio
 - Insurance Services Office Ratings

Social, Education & Economic Opportunity - Workforce Development

Align measure to relevant performance measure(s) developed by the Human Services Strategic Plan Funder's Collaborative

FEBRUARY 25, 2010

Motion was made by Commissioner Bentley, seconded by Commissioner Clarke and carried 7-0 with Commissioners Bentley, Clarke, Cogdell, Dunlap, Leake, Murrey and Roberts voting yes, to approve the following changes to the Community & Corporate Scorecard:

- Social, Education & Economic Opportunity - Workforce Development - Align measure to relevant performance measure(s) developed by the Human Services Strategic Plan Funder's Collaborative.

BOARD MEMBERS' KEY INTERESTS

Below are the key interest items submitted by Board members.

A copy of the Key Interests detail is on file with the Clerk to the Board.

Community Health & Safety

Criminal Justice System (Submitters: Commissioners Clarke, Cooksey, & Murrey)

- Request – Receive information regarding the status of court systems initiatives as well as a status report for the construction planning of the new jail.

Commissioners Clarke and Murrey addressed this key interest.

Commissioner Clarke said he would yield his time to Commissioner Murrey because staff's written response had addressed his questions.

Commissioner Murrey said he had hoped to have received performance data on judges and/or the efficiencies and effectiveness of the court system as a whole.

General Manager Michelle Lancaster addressed this area. She said the courts do not keep performance measures data on judges. She said progress was being made, per the initiatives that have been put in place.

Commissioner Murrey said his concern was for the overall performance of the courts and whether efficiencies were being gained.

Note: No action was taken.

Summer Opportunities for Youth (Submitter: Commissioner Leake)

- Request – Receive information that outlines the County's efforts to link summer youth employment opportunities with seniors.

Commissioner Leake addressed this key interest.

Commissioner Murrey said he felt this was a good idea but the question would be how the Board would go about including this in the budget.

General Manager Michelle Lancaster addressed this area. She noted that Park and Recreation has partnered with the Mayor's Youth Employment Program for the last four years and will probably continue to do so.

Commissioner Bentley suggested that perhaps there could be a partnership with Charlotte-Mecklenburg Schools to have junior and senior high school students participate in an apprentice type employment settings.

Commissioner Leake asked how was information regarding the Mayor's Youth Employment Program disseminated. *General Manager Lancaster said she would find out.*

Note: No action was taken.

Food Quality and Access and Relation to Nutrition (Submitter: Commissioner Murrey)

- Request – Discuss whether the County should add Food Quality as a program category. Also to receive an update on the work of the Food Policy Council and the Healthy Weight, Healthy Child Initiative.

Commissioner Murrey addressed this key issue. Commissioner Murrey said he would like the Board to commit to making this a budget priority item which could impact the County's Healthy Community Index.

Commissioner Clarke asked what services would fall under it.

Commissioner Murrey said at this point he was not sure but that this was something that needed to get on the Board's agenda.

Commissioner Murrey said this was something where there was an opportunity to leverage other financial resources with just a small commitment financially but a bigger commitment philosophically from the County.

Chairman Roberts said she would like to hear from the Health Department regarding a possible measure for this.

Commissioner Clarke asked about the establishment of the Food Policy Council which was addressed by Commissioner Murrey.

Commissioner Clarke said this could possibly be a job creator.

Commissioner Cogdell said this was an important topic because it's important to have quality healthy foods available throughout the community.

Note: No action was taken.

Mental Health Treatment and Addiction Programs (Submitter: Commissioner Murrey)

- Request – Discuss with fellow Board members areas of opportunity for strategic investments in mental health services, requests for state support of mental health services as part of the Board's legislative agenda, and collaboration between mental health and criminal justice services.

Commissioner Murrey addressed this key interest.

Commissioner Dunlap said he hoped some kind of analysis would be done this year, since the Board was considering delaying capital projects, because if it's determined that the number of bed spaces currently being used in the jail might otherwise be used for mental health bed spaces, there might be more time to deal with the jail project. He said it would be helpful to have that information.

Commissioner Cogdell said there were fewer psychiatric beds today in Mecklenburg County than in 1980 for mental health treatment.

Commissioner Clarke asked what kind of strategies could the County come up with to help this issue.

Commissioner Murrey said he would like this to be one of the Board's legislative agenda items.

General Manager Michelle Lancaster said this would continue to be a legislative priority.

Note: No action was taken.

Human Services Strategic Plan (Submitter: Commissioner Murrey)

- Request – Further discuss potential next steps for a “Human Services Strategic Process.”

Commissioner Murrey addressed this key interest. He said the next step was to get this before Charlotte City Council, the Board of Education, the Foundation for the Carolinas and other funding sources.

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

Chairman Roberts asked who was driving the focus areas of this.

Commissioner Murrey said the idea of creating a “leader” for this was problematic because these were not organizations that can be lead, including the County. He said this was more of a collaborative workforce to come up with a common vision.

Commissioner Murrey said his role was to make sure people don’t forget about this. Further that his goal is to move it far enough along that he can remove himself from the process, but he wants to see that the initiative actually catches and it develops its own membership.

Commissioner Dunlap said a designated contact person was needed because that’s a question that’s been asked of him from people that have an interest in this.

Commissioner Murrey said this was just the start of the process and that it hasn’t been figured out yet how the process was going to be facilitated. He said it would be an open process.

Note: No action was taken.

Effective & Efficient Government

Functional Consolidation (Submitters: Commissioners Cogdell, Dunlap, and Chairman Roberts)

- Request – To receive an update on Mecklenburg County’s current feasibility analysis of opportunities for functional consolidation of County and CMS operations.

Commissioners Cogdell, Dunlap, and Chairman Roberts addressed this key issue.

Commissioner Dunlap said one concern he had been made aware of and perhaps why progress in this area has been slow was because in some instances functional consolidation may result in someone losing their job. He used TV/Video Production as an example, of three entities having one person that did the same thing.

Commissioner Dunlap said he didn’t know what could be done to facilitate a process that would make it fair and equitable if you move forward with functional consolidation.

General Manager John McGillicuddy said discussion had taken place with CMS staff, that for certain areas under consideration that it could perhaps be done more quickly if a third party was brought in and to analyze the options because the third party would not have a stake in the matter.

General Manager McGillicuddy said TV/Video Production would not be one of those areas because there aren’t a lot of dollars to be saved there, other than what the County spends on WTVI. He said a more appropriate area for bringing in a third party to look at would be

FEBRUARY 25, 2010

Information Technology or something of that nature. It was noted that staff has made progress in some areas as noted in the report.

General Manager McGillicuddy said there would be a cost to bring in a third party but that cost has not been looked at yet.

Commissioner Cogdell said he would like all areas looked at by a third party because he's not convinced that some of the areas noted in the report that County and CMS staff have said would not be cost effective to consolidate was necessarily correct.

Commissioner Cogdell said he would like to see a proposal regarding getting a third party involved.

Chairman Roberts said City and County permitting services was another area that would be good to have a third party look at.

It was the consensus of the Board that staff look at putting a Request for Proposal together for obtaining a third party to take a look at areas of functional consolidation between the County and CMS and possibly the City of Charlotte and report back to the Board on what it would cost to undertake that initiative.

Capital Planning (Submitters: Commissioners Cooksey and James)

- Request – Receive capital information that will allow the Board to allocate fixed bond dollars for major capital projects over the next three fiscal years.

Commissioners Cooksey and James were not present, so there was no discussion of this key interest.

Nonprofit Funding (Submitter: Commissioner Dunlap)

- Request – Discuss with fellow Commissioners the value of funding nonprofit organizations.

Commissioner Dunlap addressed this key interest.

Commissioner Dunlap said the Board needed to discuss long term what it should do about funding nonprofit agencies. Commissioner Dunlap said some agencies funded by the County have the expectancy that County funding is to be there in perpetuity. Commissioner Dunlap said he's hoping that at some point the Board will begin to look at which of the nonprofit agencies are so essential that if the County didn't fund them, then it would cost the County more to provide that service itself. Commissioner Dunlap said he's hoping the Board can look at some way of getting out of the business of funding so many nonprofit agencies and to give them an opportunity to seek other funding sources before County funding would cease.

Commissioner Murrey said he could agree with looking at what it would cost the County to provide a particular service versus it being provided by the nonprofit agency, but he was not in agreement that the County should stop funding all nonprofits. Commissioner Murrey said some nonprofit agencies add value and fill in gaps that the County can't provide as efficiently.

Commissioner Murrey said the issue he had was that you can evaluate each of the nonprofits and he appreciates the way the County currently evaluates them, but it's hard to figure out if they're filling in gaps and actually helping a small community or subset that has a more dire need than for example a level three priority. Commissioner Murrey said he'd like to see them evaluated in terms of a broader context of what our community goals were.

Commissioner Clarke commented on how the process for evaluating outside agencies had improved over the years.

FEBRUARY 25, 2010

Commissioner Dunlap noted how sometimes nonprofit agencies will come after the budget process and request funds from unrestricted contingency.

Chairman Roberts said consideration should be given to calling the unrestricted contingency fund something else, such as an emergency fund because that fund was really for emergencies. She cited Hurricane Katrina and the Hall House project as examples of when funding was needed to meet an unexpected need.

No action was taken.

Funding Partnerships (Submitter: Chairman Roberts)

Chairman Roberts addressed this key interest.

Commissioner Bentley asked Director Johnson to comment on her meeting with a few members of the Board of Education regarding the County's Balanced Scorecard, which she did.

No action was taken.

Growth Management & Environment

Economic Development (Submitters: Commissioner Bentley, Clarke, Cogdell, and Murrey)

Commissioners Clarke, Cogdell, Bentley and Murrey addressed this key interest.

Commissioner Clarke said his reason for having this as a key interest was to raise the question of what other strategy could be used for job creation, other than the County's Business Investment Grant program.

Commissioner Cogdell said the Board's Economic Development Committee had asked Economic Development Director John Allen to develop an economic development strategy or strategic plan to address the issue of job creation for the County but the staff resources to do this weren't available.

Commissioner Cogdell said economic development may be a functional consolidation area to be considered between the County and the City of Charlotte.

Commissioner Bentley said she wanted to know what were some ways the County could be creative in the area of economic development. She suggested there be some follow-up with Mr. McDonald regarding what has worked in other communities around the country.

Commissioner Murrey said the County and City of Charlotte's Economic Development Committees should meet jointly when reviewing projects. He said the respective entities would vote separately but there was no reason why both committees couldn't review the project at the same time.

Commissioner Cogdell addressed infrastructure investment and the opportunity to create jobs long term. Commissioner Cogdell said there may be some portion of pay-go funds that the County can't do anything with and the County may want to say put some portion of that into a reserve type of fund so that if the opportunity avails itself where the County sees it can create jobs through an investment in infrastructure. He said this would be a different approach to current thinking that could possibly work, but it takes staff resources to facilitate that type of conversation.

County Manager Jones noted that with respect to joint discussion with the City regarding economic development that the towns should be involved as well.

FEBUARY 25, 2010

Note: No action was taken.

This concluded the discussion.

Note: The above is not inclusive of every comment.

ADJOURNMENT

Motion was made by Commissioner Cogdell, seconded by Commissioner Clarke and carried 6-0 with Commissioners Bentley, Clarke, Cogdell, Dunlap, Murrey, and Roberts voting yes, that there being no further business to come before the Board that the meeting be recessed at 5:27 p.m. until 8:00 a.m. February 26, 2010.

Janice S. Paige, Clerk

Chairman Jennifer Roberts