

JANUARY 31, 2013

MINUTES OF MECKLENBURG BOARD OF COUNTY COMMISSIONERS
NORTH CAROLINA
MECKLENBURG COUNTY

The Board of Commissioners of Mecklenburg County, North Carolina, met in recessed Special Session at the Foundation For The Carolinas, located at 220 North Tryon Street, Charlotte, N.C. on Thursday, January 31, 2013 at 8:00 a.m.

ATTENDANCE

Present: Chairman Patricia Cotham and Commissioners Karen Bentley, Dumont Clarke, George Dunlap, Trevor Fuller, Bill James, Vilma Leake, Kim Ratliff and Matthew Ridenhour
County Manager Harry L. Jones, Sr.
Deputy County Attorney Tyrone Wade
Clerk to the Board Janice S. Paige

Absent: None

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

The purpose of the meeting was to continue the Mecklenburg Board of County Commissioners' Strategic Planning Conference for 2013.

The meeting was called to order by Chairman Cotham and then turned over to Budget/Management Director Hyong Yi.

Director Yi outlined the agenda for the meeting. He then called on Dr. John Connaughton, Professor at UNC-Charlotte and Dr. Michael Brown, Economist at Wells Fargo to address current economic conditions on the national, state, and local level.

Dr. Connaughton gave a historical recap of events that occurred in 1913. He then addressed the following topics: The fiscal cliff, potential tax increases for 2013, job growth on the national, state, and local level, employment on the state and local level, N.C. per capita per income, and economic indicators. Below are highlights.

- On the national level the fiscal and budget problems have nothing to do with tax rates or spending.
- Economic growth is the fundamental problem.
- US expenditures have pretty much leveled off in the last two years.
- The budget deficit problem will not go away if there's no consistent spending.
- If the economy can't grow consistently at 3.5% per year in terms of real GDP growth, the budget deficit problem won't go away, no matter how much tax rates were raised or cuts made in spending.
- The fiscal cliff was avoided, but there was still a steep slope to go down, which was problematic.
- Gas prices should always be a concern. It was noted that if gas prices go up by fifty cents between now and the summer, it pulls about \$90 billion out of Americans pockets. It's not a full impact because some of it goes to the domestic energy sector, but it's still problematic.
- During the recession nationally 8.7 million jobs were lost, 55% of those have been

regained.

- More manufacturing jobs have been gained back than expected on the national level.
- Most of the jobs created were in the area of business and professional services, health and educational services, leisure and hospitality services.
- In N.C. the jobs most lost were in manufacturing and construction.
- The percent of jobs recovered in N.C. was 46.3%.
- The loss of jobs has not been a subject of conversation in N.C., nor poor job performance in terms of creating jobs, but its needs to be discussed.
- The Charlotte MSA (which consists of Mecklenburg County, Cabarrus, Gaston, York, Union, and Anson) lost 88,000 jobs, but 68,000 have been regained.
- The percent of jobs recovered in Charlotte was 77.3% with respect to losses and gains.
- In Mecklenburg county jobs increased, but not income, not at the income level prior to the recession.
- Population growth in Mecklenburg County was starting to come back since the recession.
- North Carolina was the 5th worst in the nation with respect to the unemployment rate. It was 9.2% as of November 2012.

The following topics were addressed:

- Positive indicators for the economy

Commissioner Leake entered the meeting.

- Negative indicators for the economy
- Things to watch going forward
- Consumer confidence
- Consumer debt (It needs to go up.)
- Excess reserves
- Monthly job growth
- Gas prices

Dr. Brown noted the following:

- A very modest economic growth was anticipated this year, somewhere in the range of one and half percent. There were some upside risks but primarily in the second half of the year.
- By 2014 the pace of economic growth should be around 2.5 %.
- The composition of growth was going to change some, but at the “end of the day”, we’re getting back to what they argue was the “new normal.”
- The 3.5% growth range that Dr. Connaughton spoke about should be the target, but when you look at the challenges we’re facing in the financial sector and in the labor market, the new reality is 2% -2.5% growth.
- The fiscal cliff was not avoided.
- People were renting rather than home buying because if they have to move it’s less of a problem. They want that mobility.
- They also see what their parents went through with loss of wealth.
- Credit was still an issue, but it’s secondary to the change in preference and taste by consumers.
- On the national level there were still individuals struggling to meet their mortgage.
- Consumer confidence was low.
- Structural unemployment was a disconnect between the skills and the demand by companies today and the skills within the labor force.
- When you look at unemployment at the national level by educational obtainment, not having a high school diploma meant that individual was looking at an unemployment rate of 12% versus someone with a college degree at a rate of 4%.
- A recent study showed persons with a degree in liberal arts had double digit

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unemployment rates compared to those that held a degree in science, technology and mathematics.

- The participation rate in the labor force was at the lowest level it's ever been since the early 1980's.
- Two factors come into play with respect to the labor force: 1) aging demographics with folks retiring, 2) there's a large number of individuals who have given up looking for work.
- A lot of folks in N.C. fall into the latter category of having given up looking for work.
- It's felt inflation would not be a major concern this year.
- The structural problem with unemployment was something officials locally and in Washington needed to focus on.
- In N.C., going forward, there's potential that the growth rate may improve.
- In N.C. the housing sector may improve mid-year.
- In Charlotte most sectors will add jobs.
- The fundamentals of the U.S. and local economy were strong, but it's not as fast as liked.

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

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

Comments

Commissioner James asked about the impact on the economy locally and on the state level, per recent announcements on the state level about Medicaid, unemployment benefits and budget cuts. He also asked about the impact of the potential sequestration.

Dr. Brown said with respect to the sequestration that Congress could determine where and how things were cut, but it is up to the executive branch to determine the magnitude of that within each division. Based on data available it would be dramatic cuts to defense spending. If the sequestration goes into effect as currently stated, it would be a shock to government spending and it would impact the labor market, especially in N.C.

Dr. Connaughton said with respect to the County's budget preparation, the Board had to be very cautious and realize that there were still a lot of unknowns with respect to the sequestration. Dr. Connaughton said he predicts \$100 million in cuts.

General Manager Bobbie Shields asked was it a good idea to use local incentives to build the economy, including incentives for the retail sector.

Dr. Connaughton said philosophically he was opposed to incentives, but he understood the need for them. He said you have to increase risk taking. Dr. Connaughton said when requests for incentives come, they should be evaluated. He said the County needed to be a catalyst for growth and development. He said S. C. was improving because they're offering incentives.

Commissioner Bentley asked if the Employment Care Act had been taken into consideration with respect to labor force participation. *Dr. Brown said yes.*

Dr. Connaughton addressed the labor force participation rate.

Commissioner Bentley commented that if folks weren't participating in the labor force, what did that mean with respect to policy making and in the area of social services.

Commissioner Fuller talked about job growth and the availability of jobs for people that don't have the skills. He asked how you close the gap between skills in the labor force and the jobs that were available.

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Dr. Brown said better communication was needed between the institutions of higher learning and the business community. Secondly, there was the question of how you go about designing curriculum and programs that fit within that framework.

Commissioner Fuller asked had this type of gap been experienced in the past. *Dr. Connaughton said not to this extent. He said this was a dramatic structural shift in the economy. He said this was probably something that can't be totally fixed.*

Commissioner Fuller asked where do you take the risk. *Dr. Connaughton said that's the board's decision. He said the Board had to decide what were the choices of risk, evaluate requests and decide what its expectations were. He said the Board needed a set of criteria. He said business incentives were the big one.*

Commissioner Dunlap asked about manufacturing jobs that went overseas and were now coming back.

Dr. Brown said some manufacturing jobs were coming back, but technology reduces the number of actual jobs.

Dr. Connaughton said the lost of manufacturing jobs hit Mecklenburg County less than it did the state.

Chairman Cotham asked about a breakdown of unemployment based on race, age, and gender for Mecklenburg County. *The presenters said they had national and state data, but not local data.*

Chairman Cotham asked about wages. *Dr. Connaughton said wage rates had gone down since the recession and that when you have a weak labor market that happens.*

County Manager Jones said he was interested in the statistics by race and gender as it related to the structural unemployment issue.

County Manager Jones said he would like to receive statistical information with respect to growth in the poverty rate since the recession on the national, state, and local level. *Dr. Brown said he didn't have that information, but income inequality had dramatically risen post recession.*

Dr. Connaughton said the poverty rate had risen since recession, but not as much as people thought.

Dr. Connaughton said the education gap was a factor in all of this.

Commissioner Leake asked how you communicate this to the average person.

Dr. Connaughton said he didn't have an answer, but the bottom line was that students don't get the connection. He said he doesn't know how you solve it.

The Board recessed at 11:02 a.m. and reconvened at 11:16 a.m.

Working Agreements

Libby Cable with The Lee Institute addressed the results of the working agreements discussion that took place at the January 30, 2013 meeting. The following was noted as the top five-six things most needed for a good working relationship. The Board was reminded of other items that were mentioned as well. (Note: Other things mentioned can be found in the January 30, 2013 minutes.)

Board to Board Working Agreements

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1. Be prepared for meetings
2. Strive for efficient meetings and an efficient meeting process so that time can be spent on the most important topics
3. Protect confidentiality
4. No/Minimal surprises
5. More face to face communication, less email

Board to Staff Working Agreements

1. No/Minimal surprises
2. Keep the Board informed and updated
3. Accept accountability
4. More face to face communication, less email
5. Share information with Board members at the same time
6. County Manager should do an FYI to the Board for critical issues, even though there may not be any details to share; but at least the Board would be aware, if they heard something

Staff to Board Working Agreements

1. Be prepared for meetings
2. Give the County Manager a chance to analyze and fix something
3. Communicate with the media and let them know you don't have complete information regarding a particular matter, but would get back to them when more information was known (It was noted that this was applicable to both the Board and staff.)
4. Talk to staff in advance of meeting if there were questions
5. No/Minimal surprises

Ms. Cable then addressed suggested Tactical Rules that would help to operationalize the Working Agreements. (A copy of those rules is on file with the Clerk to the Board.)

Commissioner James asked what if members of the Board didn't agree with the list. He referenced protecting confidentiality and occasions when it might not be appropriate for staff to disclose something but as a commissioner and out of concern it would be okay for him to do so. Commissioner James said he agreed in principle to protect confidentiality.

Because of time, the Board did not get into a discussion of the question raised by Commissioner James.

Chairman Cotham commented on the use of the term "agreed" by Ms. Cable with respect to the various working agreements discussed by the Board on January 30. Chairman Cotham said she didn't know if the Board "agreed" to all of those working agreements, but rather viewed them as good ideas. She asked if they could be referred to as "helpful suggestions."

Ms. Cable said even though an individual commissioner may not have included the things listed as being their top five or six, these were the things that received more votes than some of the other things that were listed.

Commissioner Dunlap asked what would happen if someone didn't abide by the things listed. *Ms. Cable said that was something the Board would have to decide. She suggested that in a respectful way that commissioners hold each other accountable and perhaps remind each other after a meeting of the things discussed and to coach one another.*

Chairman Cotham said these things should be looked at as guidelines.

Commissioner Bentley said the Board hadn't followed Roberts Rules of Order, at least not during

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her tenure. Commissioner Bentley suggested to Chairman Cotham that the Board follow Roberts Rules of Order as closely as possible, which would help keep the meetings orderly and efficient, yet still allow individual commissioners to have a voice, and in a fair manner, state their case.

Commissioner Bentley addressed how sometimes the meetings go on until 11:00 p.m. and later. She questioned how effective the Board was at that hour and was it fair to have staff and citizens waiting for long periods of time for an issue to be addressed.

Commissioner Bentley said her hope was to bring order to the functioning of meetings and to be respectful of everyone's time and yet maintain the integrity and quality of the process.

Commissioner Bentley recommended adding, following Roberts Rules of Order (modified) to the extent possible for conducting meetings as a tactical rule, as a part of the Board to Board Working Agreements or guidelines. There was no objection by other Board members.

Ms. Cable said since there was a "little pushback" as to whether the items discussed on yesterday and noted today were agreements, guidelines or suggestions, that as a group, was the Board willing to say with respect to these items that the Board would at least look to these things as guidelines about how, as a board, the Board would work together. Further, that these things were important to the Board. (Note: There was no specific response by the Board.)

Commissioner Fuller said with respect to the efficiency of meetings, that consideration should be given to the number of items placed on an agenda. He said that played a part also in the length of meetings.

Commissioner Ridenhour said reducing the number of items placed on an agenda may not solve the problem with respect to efficiency of meetings. He said it had to do with the amount of conversation on items and pulling items from Consent.

Commissioner Clarke said efficiency of meetings had a lot to do with the style of the chairman.

Chairman Cotham said she welcomed feedback from experienced board members on how to manage meetings for efficiency purposes.

Commissioner Leake said everyone would try to remember these things and that it was okay to remind each other of them, from time to time.

Ms. Cable recommended the Board work on practicing the things they outlined as being important.

Tactical Rules for Board to Staff Comments

Commissioner Fuller said more face-to-face communication and less email would take a lot of time. He questioned it and suggested it would be easier to send an email.

County Manager Jones said face-to-face could be changed to say more verbal communication, including via telephone.

Commissioner Leake said her desire was that all commissioners be notified of information that needed to be shared, with the understanding that the chairman would be notified first in many instances.

Commissioner Dunlap said communication was a two-way street and that it could be done via email, telephone, or office visit. He said persons had to be receptive to whatever form of communication that was being suggested.

Tactical Rules Staff to Board

General Manager John McGillicuddy suggested adding, that Board members contact the County Manager individually and not through global emails with any complaints, concerns, or questions regarding staff work or behavioral issues and that the board not respond until they've heard from the County Manager. He also said if there was a surprise contact the County Manager to get more information. Additionally, Board members should get their questions regarding agenda items to the County Manager or a General Manager before noon on the day of the meeting. General Manager McGillicuddy said Board members could also communicate those questions to Assistant to the County Manager Amber Snowden if they liked.

Chairman Cotham said she would like to know in advance of a meeting if the staff contact would be there or not to address questions, in case, it can't be answered by the executive staff present.

General Manager McGillicuddy explained that contact persons don't have to be present at a meeting if their agenda item was under consent, with the understanding that any question raised would be answered by the County Manager and/or a General Manager.

General Manager McGillicuddy suggested adding also that Board members and staff ask themselves before communicating, if email was the best form of communication in certain instances. He also recommended Board members read the weekly Board Bulletin and all information received from staff.

Commissioner Leake said forms of communication from staff to Board and Board to staff was something that should be covered in orientation, as well as, the agenda process.

Commissioner Leake said there may be a need to have additional orientation sessions regarding various issues, and polices with respect to what the Board can and can't do.

Ms. Cable concluded the discussion by making the following statement regarding "Gracious Space":

"Use these rules, tactics, whatever you want to call them as guidelines, as reminders; all intended coming from a spirit of integrity, which is one of the values most shared on yesterday; respect for each other, and give each other the space and the grace to learn in public, to make mistakes; learning is a reiterate process because everyone was still learning; to learn from each other and coach each other, and to help each other succeed for the good of the whole."

The Board recessed at 12:03 p.m. and reconvened at 12:35 p.m.

Managing for Results

The Board received an update on the County's Community Vision, Community and Corporate Scorecard, and current performance. Associate General Manager Leslie Johnson and Performance and Evaluation Manager Monica Allen gave the update.

The following was covered:

- Historical Overview
- Managing for Results
- Community & Corporate Scorecard
- FY12 Performance Results
 - 2020 Corporate Scorecard Results
 - Focus Area Results
 - Performance Highlights
 - FY14 Area of Emphasis
 - Post SPC Activity
- County Manager's Assessment (addressed by County Manager Jones)

- Next Steps

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

Comments

Commissioner James commented on Charlotte-Mecklenburg Schools (CMS) funding, the graduation rate and CMS' achievement of measures. Commissioner James said at some point the Board needed to decide if they're going to follow up on what the previous board said, that CMS should be held accountable.

Commissioner James addressed property tax to household income. He said it may be okay to have a comparison, but maybe the County should look at the overall tax burden.

Commissioner Dunlap said the Board of Education was the elected body responsible for CMS and that another governing board can't dictate to another.

Commissioner Dunlap said a conversation was needed with the Board of Education under its new leadership and with the new superintendent regarding shared visions, and what the goals and expectations were.

Associate General Manager Johnson said the CMS measures addressed were the agreed upon measures with the past superintendent.

Associate General Manager Johnson said they've had a conversation with the new superintendent, who was in the process of developing his strategic plan. She said staff would be getting with CMS regarding any changes.

Associate General Manager Johnson said there hadn't been different plans. She said the County had embraced what CMS developed as their plan.

Associate General Manager Johnson said although CMS performance measures had red lights, it didn't mean CMS hadn't made progress.

Performance & Evaluation Manager Allen said it should be kept in mind that the scorecard was about making progress towards long term goals and not necessarily annual goals.

Commissioner Bentley said she'd like to receive property tax comparison data with surrounding counties, connecting jurisdictions, including those in S. C.

Commissioner Leake asked when the Board would meet with the Board of Education. *The response was May for presentation of CMS' budget request.*

Commissioner Leake recommended the Board meet with the Board of Education (BOE) prior to their budget presentation to find out what CMS' planned goals were with respect to its forthcoming budget request. She asked the Chairman to communicate with the BOE chair to make that happen.

Commissioner Leake asked about information on "feeder" organizations that provide funds to CMS and the amount of funding CMS received from those other agencies. She cited as examples, Communities in Schools and the Arts and Science Council. Commissioner Leake said she'd also like to know to whom and how much funding did the County provide to organizations that support CMS in their efforts to educate children.

Commissioner Ridenhour said there should be some accountability on CMS's part of where taxpayer dollars were going.

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County Manager Jones said the County has had good results with respect to the scorecard. He said the scorecard was owned and approved by the Board. County Manager Jones said the Corporate Scorecard was developed based on the Board's vision through 2020. He said the Board also approved the focus areas, measures and matrix. County Manager Jones said the scorecard aids the County in making data driven decisions.

County Manager Jones encouraged new Board members with questions regarding the scorecard to meet with staff to gain a better understanding of it.

The Board recessed for a break at 2:05 p.m. and reconvened at 2:23 p.m.

Operating Budget Planning

Director Yi addressed planning and developing the annual budget. The following was covered:

- Applicable State General Statutes
- State Requirements
- Managing for Results Budgeting
- The Process (Workshops-Manager's recommended budget presentation, public hearing, straw voting, adoption)

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

Comments

Commissioner Leake asked about the \$20 million the County was giving to Carolinas Medical Center. *General Manager Michelle Lancaster addressed the question.*

Commissioner Leake asked about the impact of the \$55 million raised for CMS (Project Lift) and the impact of that on the County's budget. *Director Yi said it would be up to the Board as to how that was taken into consideration when it came to making a decision regarding an allocation to CMS.*

Commissioner Fuller said he would like to know what the County was required to fund for CMS versus what it did fund.

Commissioner Fuller asked about the impact of MeckLINK on the County's budget.

General Manager Lancaster said MeckLINK would have very little impact on the County's budget, because it was all federal money that would be managed separately. She said any savings received would go back into mental health services.

Budget Manager Mike Bryant addressed the categorization of the County's budget. He also reviewed the budget calendar.

FY2013 Financial Status

Finance Director Dena Diorio addressed FY 2013 financial status. The following was addressed:

- Property Taxes
- Sales Taxes
- Investment Income
- Revenue Forecast

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

Comments

Commissioner Clarke asked about the receipt of sales tax data from the state, which was addressed.

Commissioner James asked about the impact of refunds with respect to Pearson's Appraisal Services report on the budget. *It was noted that this matter would be discussed at a future meeting.*

Working Relationship Observations

Ms. Cable made closing comments and asked the Board to comment on what they thought worked well with the group process today.

Chairman Cotham said comments made and questions raised by experienced commissioners were very helpful.

Commissioner Clarke said he learned a lot from the questions raised by new commissioners. He encouraged new commissioners to ask questions and to not think their question wasn't worthy of answering and to share those questions with staff.

Ms. Cable encouraged the Board to share with staff what would be most helpful in their learning process based on individual work styles.

She encouraged the Board to:

- Use Roberts Rules of Order
- Coach each other
- Be clear about what the intent of a presentation was
- Think of the working agreements or guidelines discussed as tools for continuous improvement for working together.

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

This concluded the discussion.

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

Motion was made by Commissioner Leake, seconded by Commissioner Fuller and carried 8-0 with Commissioners Bentley, Clarke, Cotham, Fuller, James, Leake, Ratliff, and Ridenhour voting yes, that there being no further business to come before the Board, the meeting be recessed at 4:32 p.m. until 8:00 a.m., February 1, 2013.

Janice S. Paige, Clerk

Patricia "Pat" Cotham, Chairman