

**Meeting Minutes**  
**May 1, 2020**

**COUNTY MANAGER'S FY2021 RECOMMENDED BUDGET**

*Due to the State of North Carolina's Declaration of Emergency in response to the COVID-19 pandemic and per NCGS § 166A-19.24, the Mecklenburg County Board of Commissioners conducted a remote meeting using the WebEx application.*

**CALL TO ORDER - 6 PM - REMOTE MEETING**

The Board of Commissioners of Mecklenburg County, North Carolina, met remotely in Formal Session on Friday, May 1, 2020 at 11:05 a.m. with Chair Dunlap presiding.

Present:           Chair George Dunlap  
                      Commissioner Patricia "Pat" Cotham  
                      Commissioner Trevor M. Fuller  
                      Commissioner Susan Harden  
                      Commissioner Mark Jerrell  
                      Commissioner Vilma D. Leake  
                      Commissioner Elaine Powell  
                      Commissioner Susan Rodriguez-McDowell  
                      Commissioner Ella B. Scarborough

Chair Dunlap called the meeting to order, followed by introductions and the Pledge of Allegiance to the Flag.

**CHAIR'S INTRODUCTORY REMARKS**

Chair Dunlap said we are gathered today to receive the County Manager's Recommended FY2021 Budget Presentation. The Board will not engage in dialogue regarding the County Manager's recommended budget at this meeting. The Board will have an opportunity for dialogue regarding the County Manager's recommended budget at the Board's May 12th Budget/Public Policy meeting beginning at 9 a.m. This meeting will also be held remotely.

Chair Dunlap said the Board will begin budget deliberations on Tuesday, May 26, 2020 at 8:00 a.m. at the Valerie Woodard Center located at 3205 Freedom Drive, Charlotte, NC. Prior to those deliberations, the Board will hold a budget public hearing to receive comments on the County Manager's Recommended Budget on Wednesday, May 13, 2020 at 6:00 p.m. The meeting will be held remotely. More detailed information is available at [MeckNC.Gov/BudgetHearing](https://MeckNC.Gov/BudgetHearing). The Board is scheduled to adopt the FY2021 budget at the Tuesday, June 2, 2020 during our regular meeting. At this time, I will call on the County Manager, Dena Diorio to present the recommended FY2021 budget.

## **MANAGER'S INTRODUCTION**

Dena Diorio, County Manager, said it is an honor and privilege to serve as your County Manager and present my Recommended Budget for Fiscal Year 2021. She said her remarks would serve as an executive summary and highlight the most important investments and initiatives included in her Recommended Budget. She said following her remarks, Michael Bryant, Management and Budget Director, would present a more complete overview.

Before she began to list her funding recommendations for fiscal year 2021, she wanted to take a moment to explain some of the factors that played a significant role in the shaping of her recommendations.

## **COVID-19 PANDEMIC**

Ms. Diorio said late last year, an invisible enemy surfaced in Wuhan, China, becoming one of the biggest health threats in our country's history. She stated the novel coronavirus, also known as COVID-19, attacked the respiratory systems of hundreds of thousands of people around the world. She said since its inception, the virus had swept and continued to sweep through the nation, travelling from state to state harming individuals, families, societies and healthcare systems, but the impact of this invisible enemy reached far beyond the physical. She said the virus had not only ravaged the immune systems of people who had become infected, but it had also pillaged their way of life by forcing us to change the way we go about conducting basic daily tasks.

She stated that on March 11, COVID-19 was declared a pandemic by the World Health Organization, and days later, the first presumptive positive case of COVID-19 was identified in Mecklenburg County. She said that since that time, Mecklenburg County had become one of many jurisdictions around the world to implement strategies to mitigate the virus' impact, with hopes of saving lives and making resources at area hospitals readily available. She made notice that Mecklenburg County was the first county in North Carolina to implement a Stay at Home Proclamation, restricting non-essential activities, to help slow the spread of the virus and that their efforts worked.

She said that soon after the Stay at Home Proclamation went into effect in Mecklenburg County, they had flattened the curve, and at present day, there were 1,641 confirmed cases and 50 deaths. She said they had 12 long-term care facilities in outbreak status, and that the curve projection continued to flatten, and the projection of the peak extend out into June, but while the strategies to extinguish the virus' contagious flames in Mecklenburg County were working, the effects of the virus raged on impacting our local economy and the economies of communities around the world.

## **ECONOMIC IMPACT OF COVID-19 IN MECKLENBURG COUNTY**

Ms. Diorio said while the Stay at Home Proclamation remained a critical component in managing the virus within the community, that the order led to a reduction of two major streams of revenue that the County so heavily relied upon, and that was sales tax and interest on investments. She said revenue generated by local sales, interest on investments, and property taxes were vital to sustain the work they do in Mecklenburg County, and it was through those streams of revenue, as well as other fees and charges that would enable the County to provide services to our community. She stated the County was anticipating a sharp decline in the economy during the 4th quarter of fiscal year 2020 as a result of retail stores, restaurants, and other businesses closing as a result of the Stay at Home Proclamation. She stated the temporary closing of local businesses, reduction in hotel occupancies or the temporary halt of sitting down for a meal at a local restaurant or bar had an impact on the dollars that would have circulated through the community, and the local economy might suffer even further due to the loss of employment that so many county residents sustained in the days since the pandemic began.

## **PLANNING FOR TODAY AND BEYOND**

Ms. Diorio said the national and local economists agreed that this health crisis would evolve to a financial crisis and that as a result, several governments across this Country and State would be required to reduce or eliminate critical services. She said fortunately, that was not the case for Mecklenburg County. She stated the Great Recession of 2008 taught them valuable lessons, as they were forced to make over \$146.6M in reductions to services. She stated that they eliminated 781 positions, which included 579 laid off employees and that they put a halt on our capital projects; the actions they were forced to take during the Great Recession derailed the County's progress. She said it was not until this current fiscal year that per capita funding for Park & Recreation was restored to pre-recession levels and that they could not repeat the funding decisions that set the progress of this County back. She stated that as CFO, she was tasked with leading the effort that would ensure that the County would be able to respond much better when the next recession occurred and that the time was now to apply their lessons learned; Mecklenburg County government was resilient, and because of the Board of County Commissioner's commitment to the fiscal discipline strategy, they were in a strong position to manage what lied ahead. She said the County's Fund Balance Policy had a provision that allowed for this one-time funding source to support recurring expenses during a financial crisis, and the strong reserves had given the County the foundation it needed to weather the impact of revenue losses during this crisis, while allowing them to fund critical programs and services for the residents and avoid impacting our workforce.

She said the County began fiscal year 2020 with \$259 million in reserves, which created a strong fund balance and healthy debt profile, and of this amount, approximately \$102 million was available to offset the anticipated loss in revenue in FY2021 and beyond. She said the uncertainty of our current economy served as a reminder of the importance of

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fiscal discipline, and their commitment to this strategy allowed for the necessary funding to create a budget that would allow the three, main goals to be fulfilled.

### **BUDGET GOALS**

The FY2021 recommended budget achieved three goals:

1. It funded the County's core, critical services, and programs that provided support to our residents who need it the most.
2. It maintained a fund balance that will be available to mitigate the impact of the impending revenue shortfall as a result of the COVID-19 pandemic.
3. It funded services and initiatives that aligned with the Board of County Commissioners top priorities.

### **RECOMMENDED BUDGET FOR FISCAL YEAR 2021**

Ms. Diorio said her Fiscal Year 2021 recommended operating budget totals \$1.9 billion dollars, an increase of \$5.6 million or 0.3% over Fiscal Year 2020. The recommended budget maintained the current tax rate at 61.69 cents.

### **REVENUE**

Ms. Diorio said at the Annual Board Retreat in January, the projected growth revenue for FY2021 was \$46 million; however, given the economic impact of COVID 19, the revised revenue growth was expected to be \$19 million; Sales Tax was expected to be \$7.5 million (4%) lower than the FY2020 budget, and interest on investments was expected to decline by \$6.2 million (52% lower) in the upcoming year. She said the recommended budget included a total of \$52 million in fund balance and of that amount, \$33 million would address one-time expenses, and \$19 million would be appropriated to offset the anticipated decline in revenue in FY2021.

She stated while they determined the amount of Fund Balance to be used to offset the revenue shortfall, it was imperative to maintain fiscal discipline, and their policy stipulates that they would replenish fund balance within two years "if" they fell below 28% of revenue. She said the amount of Fund Balance in her recommended budget resulted in having \$50 million available above the 28% threshold, and it was important that they had sufficient fund balance available should it take longer for revenues to return to normal levels. She also stated they must be mindful that the \$19 million in fund balance would eventually have to be replaced with recurring revenue to support those ongoing expenses. She said the \$19 million they spend today would impact our growth revenue in future fiscal years.

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She said the budget included repurposing \$14 million or 3-quarters of one cent of the property tax rate from the debt service fund to the general fund and that revision would still allow sufficient funding to service our current debt and provide funding for future debt. She said over the last five years, the County had invested \$30 million annually to address deferred maintenance; the Recommended Budget provided \$25 million, allowing \$5 million to be invested in County Services. She stated those adjustments, in addition to the growth revenue, would provide \$52 million in revenue for the General Fund.

## **COUNTY SERVICES**

### **PUBLIC HEALTH DEPARTMENT**

Ms. Diorio said if there were ever a defining event that reiterated the importance of the County's Public Health Department, it would be COVID-19; the pandemic illustrated the department's primary goal of promoting and protecting the public's health. She stated that during the crisis, the County's Public Health Department served as the nucleus for our emergency response to the pandemic, and the Public Health Department quickly evolved into who the departments, residents, and the media turned to for guidance, information, data and coordination of the services and resources needed to meet the current demands of COVID-19 patients.

She thanked Gibbie Harris for her hard work and leadership throughout the course of the pandemic, as well as Public Health staff for their continued commitment and dedication to the community.

She said Public Health also heard the responsibility of finding innovative ways to promote healthy habits within the community, and it was through the creation and promotion of programs and services that allowed residents opportunities to improve their health, to reduce the risk of developing chronic health conditions, and possibly assist in closing the gap where health disparities exist. She said to support the department's effort, she recommended a total investment of \$86.3 million for Fiscal Year 2021, and the funding would give the department the support it needed to provide quality services to County residents.

For Fiscal Year 2021, the following was recommended:

- \$104,000 for the Children's Developmental Services Agency to maintain service levels following a 13% increase in enrollment. The agency provided early intervention and support for children from birth to age three who have developmental delays.
- \$80,000 in funding for interpreter services to accommodate the needs of the non-English speaking families.
- \$150,000 dollars for advanced Tuberculosis testing, as the evidence-based screening method was considered a best practice for Tuberculosis screening tests and would replace the Tuberculin Skin Test.

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- \$43,000 for the Tuberculosis Clinic due to a decline in state funding and an increase in active tuberculosis cases and investigations; the funds would be used to purchase supplies and maintain service levels
- \$160,000 for the increased costs associated with LabCorp's annual contract
- \$60,000 to increase Prep funding
- \$66,000 for one full-time school health nurse to stay within the policy of one public health nurse per school.

She said the additional investment would bring total funding for the program to \$250,000 for FY2021

### **DEPARTMENT OF SOCIAL SERVICES**

Ms. Diorio said while the pandemic is a world-wide crisis, there are many within the community who are faced with individual crises and struggles each day. She said the Department of Social Services continued to work to support the families and individuals in their time of need, and those needs may increase due to the pandemic. She said to sustain the level of services the department provided, and respond to increases in demand, she recommended that \$165.5 million be appropriated for Fiscal Year 2021.

For Fiscal Year 2021, the following was recommended:

- \$258,000 to meet the increase funding for Foster Care placements
- \$86,000 to expand Senior Nutrition Meal Services to support increases to both homebound and congregate meal programs
- \$206,000 to add 70 Wards to private guardianship
- \$350,000 to fund the County's portion of the Raise the Age Funding Grant Match, which would provide therapeutic services to juveniles that had come in contact with the criminal justice system
- 886,000 for Youth and Family Services employee retention strategies
- \$250,000 for an efficiency analysis of the Economic Services Division
- \$151,000 would be appropriated to fund the first phase of the new Family Justice Center, and the funding would cover operating expenses for the center to better serve victims of domestic violence

### **ASSET AND FACILITY MANAGEMENT**

Ms. Diorio said the budget continued the efforts to keep employees and customers safe when doing business with the County, and for Fiscal Year 2021.

For Fiscal Year 2021, the following was recommended:

- \$1.6 million for security staffing as part of our weapons screening initiative at major facilities
- \$413,000 for enhanced security at park locations
- \$881,000 to fund increases in the County's facility maintenance contracts

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#### **INFORMATION TECHNOLOGY**

Ms. Diorio said the County's Information Technology team was an integral component of developing the "virtual county government" in response to COVID-19. She thanked Keith Gregg and his team for their efforts in deploying equipment, training employees to work at home, and to do so safely and securely.

For Fiscal Year 2021, the following was recommended:

- \$1.7 million in additional funding for hardware and software upgrades and enhancements

#### **COUNTY ASSESSOR'S OFFICE**

Ms. Diorio said in effort to prepare for the 2023 revaluation for the County Assessor's Office, they must also look ahead to the future.

For Fiscal Year 2021, the following was recommended:

- \$1.1 million for technology security enhancements needed for the North Carolina Property Tax System and AssessPro Software
- \$1.3 million to fund the Revaluation Reserve

### **BOARD OF COUNTY COMMISSIONER PRIORITIES**

#### **REDUCING RACIAL DISPARITIES**

Ms. Diorio said the Board identified five priority areas to address critical needs in Mecklenburg County; in Fiscal Year 2020, the County invested \$65.1 million to support Early Childhood Education, Mental Health, Parks and Greenways, Affordable Housing and Reducing Racial Disparities.

She stated that according to hospital data released by the Centers for Disease Control from the first month of the U.S. Pandemic, one in three patients who became sick enough to require hospitalization for the virus was African American. She said the COVID-19 pandemic was exceptionally devastating because of the number of lives that have been lost to the virus, but what was been equally devastating was what the data reveals about the disproportionality in the demographics of those impacted by the virus. She said Mecklenburg County was committed to doing its part in helping to reduce racial disparities within the community, by providing support to programs and initiatives that help to close gaps where they exist, whether it was education, economic opportunity or in education and health care. She recommended new investments of \$2.5 million for the Board priority Reducing Racial Disparities for FY 2021.

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For Fiscal Year 2021, the following was recommended:

- \$1.3 million in funding for the United Way's "Unite Charlotte" initiative
- \$25,000 each for 25 Tier 1 grants, and the recipients would participate in Duke University's Certificate in Nonprofit Management training program
- \$40,000 each for 10 Tier 2 grants, and the recipients would participate in executive leadership training.
- \$77,000 for one full-time Project Compliance Coordinator for the Minority, Women, Small Business Enterprises Program
- \$150,000 to fund a Community Service Grant to the Young Black Leadership Alliance
- \$50,000 for Prospera North Carolina

She stated Unite Charlotte provided grant funding for grassroots organizations and programs geared towards improving economic mobility through initiatives that address racial equity, poverty, civil rights, and access and inclusion.

She said the Project Compliance Coordinator would be responsible for tracking data and analysis of construction projects to ensure equity and access for minority contractors.

For Fiscal Year 2021, the following was also recommended:

- \$775,000 to address Food Insecurity in the County

The funding would cover costs for the following:

- \$125,000 to support the initial phase of the Three Sisters Food Market Co-Op
- \$600,000 reserved for the development of additional initiatives to address the issue of food deserts within the community
- \$50,000 funded the Loaves & Fishes agency to provide groceries to family experiencing short term crisis through a network of food pantries

### **EARLY CHILDHOOD EDUCATION**

Ms. Diorio said in order to effectively address the underlying issues around disparities within our society, you must look at education; research showed that education was the gateway for future success, but not everyone had been afforded that opportunity.

She stated since FY19, Mecklenburg County had created a pathway through MECK Pre-K to allow 4-year-olds access to a quality pre-k education, and more than 1,200 children have been enrolled in the program since it began, and they wanted to increase the number of children served for FY2021.



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For Fiscal Year 2021, the following was recommended:

- \$21.3 million for MECK Pre-K for FY2021

She said that was an increase of \$5.5 million over FY2020, and the investment would allow the County to add 20 classrooms, allowing for an additional 365 students to be served during the upcoming school year. She said the increase would allow for an enrollment capacity of 1,602.

### **MENTAL HEALTH**

Ms. Diorio said just as it was important to provide opportunities to care for the physical and educational wellbeing of the community, they must also continue to provide programs and services to address the mental health needs in our community. She said the Board priority of Mental Health Support allows the County to keep that goal in focus.

For Fiscal Year 2021, the following was recommended:

- \$1.3 million for additional services in our Detention Centers to increase efficiencies and reduce wait times for those in need of help by providing an Assistant Nursing Director, Licensed Practical Nurse, a Mental Health Clinician, a Physician, a Psychiatrist, a Psychiatric Registered Nurse and a Recreational Therapist
- \$3.4 million to fund an additional 15 social workers, 15 counselors, 5 psychiatrists, and 2 behavioral health specialists.
- \$945,000 for Charlotte Mecklenburg Schools Exceptional Children Staffing and Special Education Support, which would fund 5 Teachers, 5 Teacher Assts, 4 Itinerant Pre-K Teachers and 2 Occupational Therapists.

### **AFFORDABLE HOUSING**

Ms. Diorio said in Fiscal Year 2020, the County embarked on a journey to create more affordable housing options within the community; the County invested \$15.2 million dollars in various programs and initiatives to begin the process of helping residents obtain and maintain housing they could afford. She said one of the programs the County invested in, was Habitat for Humanity's Critical Home Repair, as the program addressed major safety concerns in homes by making necessary repairs to keep homes in good condition.

In FY2020, the County invested \$1 million for Critical Home Repair Projects, and to date, 39 projects had been completed, and the County anticipated another 31 homes in need of repair during FY21.

For Fiscal Year 2021, the following was recommended:

- \$1 million to help fund the program for a second year
- \$3 million to expand the rental subsidy programs

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#### **PARKS & GREENWAYS**

Ms. Diorio said the County's Parks and Greenways continued to be an essential component in the livelihood of residents, and the County's parks and greenways had been a tremendous resource during the pandemic, as many relied on these areas as an outlet for exercise.

- \$2.8 million to support 59 part-time and limited, part-time positions to support operations at the new Eastway Regional Recreation Center expected to open later this year and for two 15 passenger wheelchair accessible buses for the center, and computers for the computer lab

For Fiscal Year 2021, the following was recommended:

- \$100,000 to allow for 2 maintenance and operation, full-time positions at American Legion Memorial Stadium
- \$4.8 million in operating costs and maintenance for new and existing Park and Recreation facilities
- \$37,000 for additional programming and related expenses for Steven's Nature Creek and the McDowell Nature Center

#### **EMPLOYEE INVESTMENTS**

Ms. Diorio said the current public health crisis had impacted almost every aspect of their lives, including the way they work. Mecklenburg County was still responsible for providing the best possible service to residents.

She thanked County employees for their support and hard work during the pandemic and said the workforce continued to provide all critical county services and made the transition to a virtual government a seamless one. She stated the talent and dedication that existed in the County was is like none other. She stated she was grateful and proud to be the leader of such a talented, dedicated, and passionate workforce. She stated that one thing that the employees could be sure of was that the County valued their hard work and commitment and recognizes their effort.

She said last year the kicked off a comprehensive review of our classification and compensation system and the review was initiated as they realized that the County employees lagged the competitors as their pay structure had not been adjusted in over a decade and that presented significant challenges with recruitment and retention.

Ms. Diorio said in Fiscal Year 2020, the Board of County Commissioners approved the first step in helping to elevate employee salaries closer to the salaries of our competitors in the market by approving a 5.5% percent salary increase for all County employees; however, the estimated revenue loss due to COVID 19, would require a delay in the 2nd step in right sizing salaries, which was the implementation of the results from the review of our classification and compensation system. She said although they had to delay the

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implementation of the revised classification and compensation system, it was imperative that they continue to recognize all of the employees for their hard work and that many of the employees were on the frontlines, risking their own health on a daily basis, as they combat COVID 19.

For Fiscal Year 2021, the following was recommended:

- \$9.2 million for a 3% across the board increase for all employees
- \$682,000 to include a 3% merit increase for MEDIC employees
- \$4 million for required pension contributions
- \$1.3 million for increased costs associated with medical and dental insurance

### **SHERIFF'S OFFICE**

Ms. Diorio said in addition to the mental health services highlighted above, she was recommending investments for the Sheriff's Office for Fiscal Year 2021.

For Fiscal Year 2021, the following was recommended:

- \$683,000 for Arrest Processing and field operations and the Strategic Response Unit during the Republican National Convention
- \$218,000 to replace a total of 345 bullet proof vests, which should be replaced every 5 years
- \$54,000 to purchase three patrol narcotic detention canines
- \$100,000 to provide the supplies needed for Juvenile Programs and Housing

She said the funding for the Arrest Processing and field operations and the Strategic Response Unit would support staffing costs, program supplies, equipment maintenance and repairs and metal detector rentals.

She stated Juvenile facilities now required to provide more clothing and supplies for juvenile offenders due to new requirements as a result of the Raise the Age legislation.

### **CHARLOTTE-MECKLENBURG SCHOOLS**

For Fiscal Year 2021, the following was recommended:

- \$523.5 million, a 4% increase over FY2020
- \$19.4 million to support Charlotte Mecklenburg Schools operating expenses

The funding would cover costs for the following:

- Health insurance and retirement rate increase
- Funding to accommodate charter school and enrollment growth for 1,807 new students

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- Maintenance and operating costs for 1 new school, Student Support Staffing/social and emotional learning support
- Exceptional children staffing and special education support

For Fiscal Year 2021, the following was also recommended:

- \$5 million for building services preventative maintenance staffing
- \$1.3 million in one-time funding for CMS's Enterprise Resource Planning Systems
- \$1.2 million increase, which was a 3% increase over FY2020, for Central Piedmont Community College

The funding would cover costs for the following:

- Salaries for maintenance staff
- Costs of maintenance and repairs of buildings and grounds
- Insurance fees for campus buildings, vehicles
- Workers compensation for institutional employees paid from local funds and other necessary insurance coverages.

### LIBRARIES AND ARTS & CULTURE

Ms. Diorio said opportunities to learn and grow are often found in places outside of a classroom setting. One place learning occurs is our public libraries. The County recognizes the role our partners play in furthering the educational development of our community.

For Fiscal Year 2021, the following was recommended:

- \$350,000 in funding to support a Request for Proposal to develop a libraries Facilities Master Plan to ensure that the community has access to a library in their area
- \$900,000 in additional funding to support three grant programs for the Arts and Science Council
- \$200,000 for the ASC Culture Vision Grant Program
- \$10,000 (up to) in grants for arts programs
- \$200,000 for the ASC's Individual Artist Grant Program to support the development of up and coming artists
- \$500,000 for Operating Support Grants Program that would be used to support emerging, grassroots arts, science and history organizations with annual budgets under \$1 million
- \$1 million to support the capital campaign for the Town of Cornelius' Cain Center for the Arts, which was currently under development

## **CLOSING**

Ms. Diorio said in closing, I would like to take this opportunity to thank all my staff who worked so hard on this Recommended Budget. This includes the members of my Executive Team, Management and Budget Director Michael Bryant and the Office of Management and Budget staff, Director of Strategic Planning & Evaluation Monica Allen and the Strategic Planning & Evaluation staff, Sarah Cunningham and the Department of Financial Services, Danny Diehl and the Public Information staff, and my entire Cabinet. I also want to thank the residents of Mecklenburg County AND the Board of County Commissioners for your continued support. Now, I will turn the podium over to Michael Bryant.

## **RECOMMENDED BUDGET FISCAL YEAR 2021 PRESENTATION**

Michael Bryant, Office of Management and Budget Director, provided a more complete overview of the FY2021 recommended budget. He went over broad factors, that shaped the development of the recommended budget, which were the summary of revenue and expenses; recommended funding for non-profits; investments in public schools and community college; literacy; and next steps. The Manager factored in eight guiding principles as she developed the recommended budget: maintain the commitment to the fiscal discipline strategy that Mecklenburg County was known for; minimize the anticipated fiscal impact that COVID-19 would have on Mecklenburg County's operating budget; leverage financial flexibility; reserve fund balance so that it would be available to offset the anticipated revenue shortfall for FY2020 and beyond; avoid the unattended consequences of funding decisions from the great recession that derailed the County's progress; make strategic funding decisions; and continue to invest in the Board priorities based on available funding; and maintain the AAA bond rating.

Mr. Bryant provided a summary of the revenue estimates for FY2021. He said that the property tax base was projected to increase by 3.3%, a \$6 billion increase in FY2021. He said the Manager was recommending no change to the property tax rate of 61.69 cents. He said the value of a penny will increase slightly from \$18.2 million to \$18.8 million, an increase of 3%. FY2021 factors the impact that COVID-19 would have on the current fiscal year and FY2021. He said the original FY2021 sales tax estimate was \$223.6 million and was revised to \$205 million, which was \$7.5 million or 3.6% less in the FY2020 adopted budget.

Mr. Bryant provided a more detailed look on how the Manager leveraged her flexibility in developing her recommended budget while remaining committed to the fiscal discipline strategy. He said the moderate \$19 million in growth available to invest in next fiscal year, the Manager began to explore opportunities to increase the revenue available to build the budget. She factored appropriating fund balance to offset the anticipated loss in revenue for the next fiscal year. She said there was a provision in the fund balance policy that permits the Manager to use fund balance to support reoccurring expenses. He said if the

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minimum of total General Fund Balance and Debt Service Fund combined to the General Fund actual revenues will be 28%. If the General Fund Balance fell below the minimum 28% of total General Fund revenues, the funds would need to be replenished over the next two fiscal years. He said the Unassigned Fund Balance would be maintained at a level sufficient to provide the resources to meet operating cost needs and allow for unforeseen needs of an emergency nature to permit orderly adjustments to changes resulting from termination or significant reductions in revenue sources. He noted that every fund balance dollar spent on a reoccurring expense would eventually need to be replaced with ongoing revenue; otherwise, the budget will have a structural deficit.

He said there were three categories for making up the general fund balance: restricted, which was required by State Statute Includes amounts not readily available to spend such as receivables, deferred revenues and encumbrances; unassigned: portion that has not been restricted, committed or assigned to specific purposes or other funds; committed, amounts approved by the Board to be used for a specific purpose; restricted, required by State Statute Included amounts not readily available to spend such as receivables, deferred revenues and encumbrances. He said the County's fund balance, including the debt service fund estimated for year in June 30, 2020 combined fund balance was \$705 million, with \$468 million for the general fund and \$237 million for the debt service fund. He said projected was \$224 million in rainy day funds, with unassigned General Fund Balance down \$35 million from FY19 \$259 million, and 28% GF Revenues as Reserve per policy is broader measure, cash on hand \$382 million; estimated that the County has approximately \$50 million of the rainy-day fund before triggering payback requirement. The Manager leveraged flexibility in the debt service fund by adjusting the amount of property tax set aside to pay for debt and that based on a thorough analysis, the adjustment would not have a negative impact on future debt. He said the Manager recommended decreasing the amount of property tax that was transferred from the general fund to the debt service fund by  $\frac{3}{4}$  of a penny, which provided an additional \$14 million being available to invest in County services. He said that prior to the Manager making that adjustment to the debt service fund, they projected an increase in County revenue of the debt service fund in the amount of \$7.9 million based on the FY21 value of a penny; however, after the Manager's adjustment to the amount transferred, they had a net reduction of \$6.1 million. He said in the expense section, after factoring the adjustment, the Manager was still recommending setting aside \$60.5 million for future debt service and \$25 million for the deferred maintenance plan.

Mr. Bryant said that each year the Manager and Cabinet set forth a diligent effort to identify savings that could be repurposed to offset the need for additional funds. He said that the Manager continued to search for savings and funds that could be repurposed; this approach identified \$21.8 million that was repurposed for the FY21 recommended budget, which consisted of \$14 million of the debt service fund; \$9 million from deferred maintenance and \$2.8 million from County departments. He said that the department savings would have no negative impact on services. He said that since being appointed County Manager, she identified over \$95 million in savings and funds to support expenses that would require additional funding; those savings were the equivalent of five cents of the FY21 value of a penny. He said the amount of revenue available increased from \$19

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million to \$52 million after transferring  $\frac{3}{4}$  of a cent from the debt service fund and \$19 million in fund balance. He said that the estimates resulted in the total general fund County revenue increasing by \$52.3 million, 4.6%, and a net total revenue increase of \$5.6 million or less than 1% in the total recommended budget for FY21, because the reductions and fund balances of one-time expenses and reductions for the debt service fund.

He said that the general fund budget could be viewed in three broad categories: County services; PayGo; and educational services; both County services and educational services almost split the growth revenue in equal shares by dollar amount and both categories increased by nearly 5%. The education Services category included CMS, CPCC, and Early Childhood Education.

He went over a summary of the appropriation of fund balance, with a total of \$33 million supports in one-time expenses. The breakdown was as follows:

- Enterprise Reserves - \$17,300,000 – Funding for technology, fleet and capital maintenance
- CMS Maintenance & ERP - \$6,300,000 – Facility maintenance and Phase II of ERP upgrades
- Affordable Housing - \$4,000,000 – Rental subsidy (\$3M) and critical home repair (\$1M)
- 2023 Property Revaluation - \$2,385,275 – Funding for 2023 (\$1.3M) revaluation and technology investments
- Cornelius P.A Center - \$1,000,000 – Contribution to the capital campaign for the Cain Center for the Arts
- Food Deserts Planning Funds - \$600,000 – Planning funds for food desert initiatives (restricted contingency)
- Public Library Master Plan - \$350,000 – Planning funds to address library deserts
- Sheriff's Office - \$271,487 - Bullet proof vest replacements and three canines
- Park & Recreation - \$271,056 – Two vans and computer lab PCs for Eastway and operating funds for McAlpine Creek
- Information Services & Technology - \$250,000 – Cybersecurity investments and RNC consulting
- Court Officials - 150,000 – Public Defender Office paper files conversion
- Finance - \$122,182 - Procurement services training and temporary staff

Mr. Bryant reviewed the five County Commissioner budget priority areas of reducing Racial Disparities; funding MECK Pre-K; affordable housing; mental health support; and parks and greenways. He said there was a total of \$23,313,731 in new investments; including \$2.5 million to reduce racial disparities, \$5.5 million for Meck Pre-K, an additional \$4 million to support affordable housing, \$6.2 million for mental health support and \$5.2 million for parks and greenways. He said there was a total investment of \$164,842,043 to support the Board's priorities.

Mr. Bryant reviewed the Manager's recommended investment in county employees. She allocated \$9,180,809 for 3% across the board pay raises; \$3,990,686 to fund the increase

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for local government employee retirement costs, \$1,297,324 for medical and dental insurance, \$707,826 annualized funding for new positions that were approved in FY2020, \$444,000 for law enforcement separation, and \$681,733 medic wage adjustments. The total investment is \$16,302,378.

Mr. Bryant reviewed the new investments totaling \$9,631,000 recommended by the Manager. New investments included the following:

- Enterprise Security - \$2,043,00 - Funding for enhanced security at parks, libraries, and government facilities
- Information Technology - \$1,700,000 - Funding for hardware & software upgrades and cybersecurity enhancements
- Utilities - \$1,100,000 - Utility costs for new & existing facilities
- Facility Maintenance - \$950,000 - Funding for maintenance contractual increases & new or expanded space
- Arts & Science Council - \$900,000 - Funding to support three grant programs: (Art Programs; Individual Artist Grants; and, Grassroot Programs)
- Sheriff's Office - \$800,000 - Contract increases for facility maintenance, laundry and food services
- Medic - \$560,000 - Capital funding for ambulance replacement
- Raise the Age - \$350,000 - A grant match to expand residential services at the Thompson Child & Family Focus Center
- Foster Care - \$258,000 - Funding to increase foster care placement
- DSS Economic Services - \$250,000 - Funding for an efficiency analysis of the Economic Services Division in the Department of Social Services
- Assessor's Office - \$240,000 - County funding associated with purchasing technology to support the 2023 revaluation
- Family Justice Center - \$150,000 - Funding to support phase one of the Family Justice Center
- Public Health - \$125,000 - Funding increase (\$60K) for the Prep program and (1) school health nurse
- Criminal Justice Services - \$119,000 - County funds for a Family Court Victim Services Coordinator that was supported by a grant. One Case Manager to assist those with a criminal history access benefits; and, bus passes for re-entry services clients
- Senior Nutrition - \$86,000 - Funding to provide an additional 7,500 meals for homebound and congregate meal programs

He reviewed the Manager's Recommendation for community service grants by going over the community services grants process. He stated that sunset provision was applied if agency received funding for three consecutive years; community service grant's process orientation was held on October 29, 2019, and the funding methodology focuses on buying results and funding new providers. He said grant applications were reviewed by County department representatives, and nonprofit services must fill a gap in the department's strategic business plans. He said the three nonprofits subject to the Sunset provision next fiscal year were Wings for Kids; Lake Norman Community Health Clinic; and the Veteran's Bridge Home. He said that the Manager was recommending that the



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Lake Norman Community Health Clinic and the Veteran's Bridge Home become vendors with the County. He listed that the five new agencies were: Loaves and Fishes; Mental Health America of Central Carolinas; Prospera North Carolina; Time Out Youth Center; and the Young Black Leadership Alliance.

Mr. Bryant reviewed the Manager's recommendation for funding education and literacy for FY21. He said that the Board of Education requested a total of \$37 million for next fiscal year. Mr. Bryant went over how the Manager developed recommended funding for CMS. He noted that in FY2020, the Board approved the Manager's recommendation to provide \$7.4 million to fund the local impact of a pay increase for school administrators, non-certified staff, and certified staff. This increase was not included in the State budget. The total education and literacy investments were \$786,350,854, a summary is listed below:

- CMS Operating - \$518,515,366
- CMS Capital Replacement - \$4,960,000
- CMS Debt Service \$102,742,141
- CPCC Operating - \$39,091,669
- CPCC Debt Service - \$19,659,032
- Public Library - \$38,153,410
- Public School's Health Nurses - \$17,652,184
- Meck PreK - \$21,264,552
- Child Care Subsidy Program - \$20,700,000
- ASC Funding - \$2,200,000
- Education Support Services – Non-Profits - \$1,312,500
- Read Charlotte - \$100,000

Mr. Bryant reviewed the FY21 Manager's Recommended Budget highlights. He said there would be no repeat of any funding decisions from the Great Recession that derailed the County's progress, no reduction or elimination of services provided to County residents, no elimination of vacant or filled positions, no delay or freeze on any planned capital projects (facility construction); no increase in the property tax rate; the recommended budget includes a total of \$52 million in Fund Balance, including \$19 million to offset the anticipated revenue shortfall; \$50 million in Fund Balance is still available if the revenue shortfall is greater than projected; \$21.8M in efficiency savings and repurposed funds to support major investments; and funding recommendations that maintain fiscal discipline and will not threaten our AAA Bond rating, and investments in the Board's budget priorities, areas of interests, and the results from the community budget public engagement initiative, and 55% of the County budget would fund education and literacy. He said the great recession had taught them that being sustainable was not enough to ensure the financial health of the organization and that if you did not learn from your history, you would be doomed to repeat it.

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Mr. Bryant said the public hearing for the Manager's Recommended Budget would be held on May 13, 2020 and that on June 2, 2020 the Board would be asked to consider the approval of the FY2021 budget adoption.

**ADJOURNMENT**

A motion was made by Commissioner Rodriguez-McDowell, seconded by Commissioner Harden, and carried unanimously to adjourn the meeting.

The meeting adjourned at 12:24 p.m.

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**Emily A. Kunze, Clerk**

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**George Dunlap, Chair**