

The Board of Commissioners for the County of Cabarrus met in recessed session in the Multipurpose Room at the Governmental Center in Concord, North Carolina on Wednesday, May 20, 2009, at 3:30 p.m.

Present - Chairman: H. Jay White, Sr.  
 Vice Chairman: Grace M. Mynatt  
 Commissioners: Robert W. Carruth  
 Elizabeth F. Poole  
 Coy C. Privette

Also present were John Day, County Manager; Mike Downs, Deputy County Manager; Pam Dubois, Deputy County Manager; Kalesha Kennedy, Budget and Performance Manager; Francesca Martin, Budget Analyst; Kay Honeycutt, Clerk to the Board and Lyndsay Hayes, Deputy Clerk to the Board.

Note: Commissioner Poole was not present for the beginning of the meeting.

**Call to order:**

Chairman White called the meeting to order at 3:35 p.m.

**Approval of Agenda**

UPON MOTION of Commission Privette, seconded by Vice Chairman Mynatt with Chairman White, Vice Chairman Mynatt and Commissioners Carruth and Privette voting for and Commissioner Poole absent, the agenda was approved as presented.

Commissioner Poole arrived at 3:41 p.m. and was present for the remainder of the meeting.

**Kannapolis City Schools**

Dr. Joanne Byerly, Kannapolis City Schools (KCS) Superintendent, and Will Crabtree, KCS Finance Director, reviewed the proposed FY 2010 budget as follows:

Capital Outlay	\$ 1,080,000.00
Facilities Budget Five Year Plan	\$30,361,082.00
Current Expense - Continuation	\$ 140,384.12
Current Expense - Expansion	\$ 188,945.00

Note: The Cabarrus County 2010 proposed budget for Kannapolis City Schools is as follows:

	ACTUAL	AMENDED	REQUEST	PROPOSED	
	FY 2008	FY 2009	FY 2010	FY 2010	ADM
ADM Funding	4,590,919	5,006,115	5,362,444	5,173,499	4,063
Building Maintenance Funding	787,313	779,913	862,913	1,023,195	4,063
Grounds Maintenance Funding	189,488	197,828	205,328	238,864	4,063
TOTAL CURRENT EXPENSE FUNDING	5,567,720	5,983,856	6,540,685	6,435,558	4,063

For clarification, John Day, County Manager, pointed out the ADM (Average Daily Membership) funding for Kannapolis is approximately \$190,000 less than what was requested.

The projected capital outlay for KCS is as follows:

	ACTUAL FY 2008	AMENDED FY 2009	REQUEST FY 2010	PROPOSED FY 2010
Kannapolis City Schools	\$575,000	\$759,515	\$1,080,000	\$50,000

Chairman White asked Dr. Byerly to consider allowing the County to use the ADM (Average Daily Membership) funds and Lottery proceeds to help fund the A.L. Brown addition and renovation. Dr. Byerly stated that decision would need to be made by the Board of Education.

**Rowan Cabarrus Community College (RCCC)**

Tim Foley, RCCC Vice President, presented the proposed FY 2010 budget request totaling \$1,871,420.00 for RCCC as follows: current expense - \$1,727,170.00; and plant and equipment - \$144,250.00. He pointed out the

budget is a "bare bones" request and responded to questions from the Board concerning the make-up of institutional expenses, etc.

The County's 2010 proposed budget for RCCC is as follows:

	ACTUAL FY 2008	AMENDED FY 2009	REQUEST FY 2010	PROPOSED FY 2010
RCCC Current Expense	1,858,004	1,798,496	1,871,420	1,798,496
RCCC Debt Service	851,306	1,037,623	1,037,623	1,037,623
RCCC Capital Outlay	-	-	-	-
TOTAL	2,709,310	2,836,119	2,909,043	2,836,119

**Cabarrus County Schools (CCS)**

Dr. Barry Shepherd, CCS School Superintendent presented an overview of the CCS budget request utilizing a PowerPoint presentation. Items addressed included the following: district size; funding sources; per pupil expenditures by source; public school forum 2008 local school finance study; growth projections; ethnicity report; elementary school capacity projections; middle school capacity projections; high school capacity projections; age of facilities; cramped spaces, elementary, middle and high school state rankings; SAT scores; graduation rates; strategic goals and objectives; etc. CCS staff responded to a variety of questions throughout the presentation.

Kelly Kluttz, CCS Finance Director, reviewed the local current expense continuation items totaling \$3,624,770 which included \$20,000 for expansion items as follows:

Continuation Items	Estimated Budgetary Impact
<b>New Schools Operating Costs:</b>	
Cox Mill High School	
Salaries & Benefits (see detail on page 15)	1,730,270
Utilities	320,000
Telephone	12,000
Building Insurance	15,000
Custodial Supplies	15,000
Bus Maintenance Facility	
Building Insurance	3,000
Custodial Supplies (\$5,000 total, 50% from facilities)	2,500
Provision for staffing for new school planning (includes benefits)	
Hickory Ridge Middle School	
Principal - 6 months (9 months total minus 3 months paid by state)	64,000
Assistant Principal - 6 months	32,000
Support Staff - 8 months ( 4 months x 2 staff)	28,000
Northwest Area Middle School	
Principal - 6 months (9 months total minus 3 months paid by state)	64,000
Assistant Principal - 6 months	32,000
Support Staff - 8 months ( 4 months x 2 staff)	28,000
A. T. Allen Elementary Replacement School	
Principal - 3 months	21,000
Lower Rocky River Elementary	
Principal - 3 months (6 months total minus 3 months paid by state)	21,000
Assistant Principal - 4 months	21,000
Support Staff - 8 months ( 4 months x 2 staff)	28,000
Raises for locally funded positions to match State increases	
Teachers and Certified \$6,824,700 x 1.8% plus benefits	143,000
Provision for proposed increase in utility costs (per power company notification)	
\$5,542,000 x 7.5%	416,000
Provision for increase in employer retirement costs to match the state	
\$18,320,000 x .0040 (8.14% to 8.54%)	74,000
Provision for increase in employer hospitalization costs to match the state	
(\$4,460 - \$4,183 = \$277)	176,000
Provision for health insurance for employees affected by the RIF policy	
\$4460 x 50 employees	223,000
Provision for increase in supplements to help recruit and retain Certified staff (includes benefits)	
Teachers and Certified \$4,525,000 x 1.8% ( to reflect State increase	105,000

in salaries)		
Principals and Assistant Principals \$503,000 x 1.8% ( to reflect State increase in salaries)		12,000
Athletic Supplements - \$798,000 x 1.8% ( to reflect State increase in salaries)		19,000
Provision for contracting services		
Document Translation and Interpreting Contract Services		20,000
TOTAL LOCAL CURRENT EXPENSE CONTINUATION ITEMS		3,624,770

A lengthy discussion ensued. Topics addressed included: the request for 24 locally funded teachers for Cox Mill as found on page 32 of the CCS budget document, etc.

Next, Dr. Shepherd and Ms. Klutz reviewed Cabarrus County Schools' Capital Outlay request totaling \$4,083,500 as follows:

Cabarrus County Schools  
Proposed Capital Outlay Budget  
2009 - 2010

Continuation Items	Amount	Minimum Funding Requested
Annual capital lease payment for technology equipment	1,000,000	1,000,000
Provision for relocation and lease of mobile classrooms	850,000	850,000
Connect-ed system wide communication system (\$4/student)	113,000	113,000
Start-up costs for Cox Mill High School	150,000	150,000
Custodial equipment (start-up) for Cox Mill High School	75,000	75,000
Furniture, technology & equipment (start-up) Learn and Earn Center @ RCCC	60,000	60,000
Provision for 3 year cycle of upgrade and standardization of NC WISE technology equipment	20,000	20,000
Renewal of K-12 Insight / Zarca Survey Tool	28,500	28,500
Provision for 3 year cycle of upgrade and standardization of school treasurers and office support technology equipment	15,000	15,000
Custodial equipment (start-up) for Bus Maintenance Facility	25,000	25,000
ADM allocations to schools (36) schools @ \$4,000 avg.	144,000	144,000
Band instruments / uniforms \$10,000 per high school and \$5,000 per middle school	100,000	
Total Continuation Items	2,580,500	2,480,500
Expansion Items		
Provision for 5 year cycle of school based computer equipment upgrade	1,300,000	525,750
Interactive boards for a 3 year phase-in project, 546 boards per year	2,940,750	500,000
Nextel Boosters, (12 elementary, 1 middle)	325,000	100,000
Fuel Truck to refuel buses county wide	83,000	83,000
EC school buses with lift and flat floor (3) @ \$88,500	265,500	
Regular school buses (3) @ \$83,511		
Digital Video Systems (100) @ \$2,500	251,000	250,000
Note: due to three tiered bus plan replaced buses with video systems		
Service vehicles for Transportation (1) four-wheel drive utility vehicle	20,000	20,000
Activity buses (6) @ \$83,317; purchase used buses from current fleet	500,000	100,000
Note: fleet buses are available for purchase due to three tiered bus plan		
Document imaging of personnel files	12,250	12,250
New/used vehicles for Technology department (2) @ \$12,000	24,000	12,000
Mechanic service vehicles for Transportation (2) @ 19,000	38,000	

Service truck to replace high mileage vehicle for Construction Quality Manager	20,000	
Replacing fryers with crispers @ 7 schools @ \$18,000 plus hood replacements and drainage	176,000	
Mail courier van	30,000	
Furniture / filing cabinets for Professional Development Director	5,000	
Pianos and/or electronic keyboards for Choral/Drama programs	100,000	
Total Expansion Items	6,090,500	1,603,000
Total Proposed Capital Outlay Budget	8,671,000	4,083,500

Note: The Cabarrus County 2010 proposed budget for Cabarrus County Schools is as follows:

	ACTUAL FY 2008	AMENDED FY 2009	REQUEST FY 2010	PROPOSED FY 2010	ADM
ADM Funding	32,642,891	36,664,637	40,460,161	37,674,948	28,101
Building Maintenance Funding	5,312,687	5,696,941	5,867,087	5,541,763	28,101
Grounds Maintenance Funding	1,249,512	1,326,068	1,365,672	1,293,720	28,101
TOTAL CURRENT EXPENSE FUNDING	39,205,090	43,687,646	47,692,920	44,510,431	28,101

CAPITAL OUTLAY	ACTUAL FY 2008	AMENDED FY 2009	REQUEST FY 2010	PROPOSED FY 2010
Cabarrus County Schools	3,370,000	3,398,427	4,083,500	1,866,850

Chairman White asked Dr. Shepherd and Mr. Williams, Vice Chairman of the CCS Board of Education, to consider allowing the County to use the ADM (Average Daily Membership) funds and Lottery proceeds to help fund school construction costs. Mr. Williams indicated that the BOE would have a called meeting in order to make that decision but personally, he didn't see a problem with it. Ms. Klutz stated the need to make sure the school system's financial obligations were covered.

**Recess**

The Board took a short break at 5:12 p.m. The meeting reconvened at 5:30 p.m.

**Cabarrus Health Alliance (CHA)**

Dr. Phred Pilkington, Public Health Director, Charles Phillips, Public Health Authority Board Member, Tammy Harkey, CHA Finance Director and Carolyn Carpenter, Vice Chair of the Public Health Authority (Commissioners' Designee) were present to address the Board. Ms. Carpenter reviewed an extensive list of CHA accomplishments for 2009, reviewed the number of inspections in 2009 for food service establishments, public swimming pools, lodging facilities and child day care facilities. She also noted the CHA is now among the 44 local public health agencies to be accredited by the state.

John Day, County Manager, left the meeting at 5:30 p.m. due to an emergency.

Dr. Pilkington presented information related to a 2-year combined estimated cut/shortfall totaling \$319,902.00 and its affect on their budget and operation. Note: \$240,016 of the cut/shortfall is a result of the County's 2.9 percent funding reduction in FY 09 and FY 10 due to economic downturn. Dr. Pilkington also reported approximately \$500,000 has been expended on land, architects, etc. for CHA's new building at the N.C. Research Campus that has not been reimbursed because the TIF (Tax Increment Financing) bonds were not sold as a result of the economic downturn.

Mr. Phillips noted there is no inflationary index included in the county funding. He asked to have CHA's per capita funding fully restored and implement an inflationary index. CHA representatives also responded to a variety of questions from the Board.

Note: The proposed FY 2010 budget for the CHA is as follows:

ACTUAL FY 2008	AMENDED FY 2009	PROPOSED FY 2010
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Cabarrus Health Alliance 4,019,488 4,028,961 4,028,961

Commissioner Mynatt left the meeting at 5:57 p.m.

**Sheriff's Department**

Sheriff Bard Riley, Chief Deputy Paul Hunt, Captain Phil Patterson and Captain Teresa Small were present to discuss the FY 2010 budget for the Sheriff's Department. Primarily, Sheriff Riley addressed personnel requests noting that of the 21 positions requested, only 8 were recommended by the County Manager for funding. He stated the proposed allocation is survivable and that the Sheriff's Department is participating in a staffing analysis requested by the Board; however, it is not complete at this time. He also responded to a variety of questions from the Board. The FY 10 proposed personal changes for the Sheriff's Department are as follows:

Sheriff's Department	Grade	New Personnel Changes Proposed FY 2010			Quantity MGR Approved	Addition to Proposed Budget
		Quantity Requested	Total Annual Salary	Total with Benefits		
Deputy Sheriff - Civil	65	2	65,263	90,522	1	45,261
Civilian Telecommunicator	64	6	186,504	260,448	2	86,816
Criminal Investigator	69	2	79,376	107,415	0	-
Deputy Sheriff - Patrol	65	6	195,792	271,565	2	90,522
Deputy Sheriff - Harrisburg	65	2	65,263	90,522	2	45,261
Records Clerk	64	1	31,084	43,408	0	-
Training Division Secretary	62	1	28,198	39,953	0	-
Training Division Sergeant	69	1	39,688	53,708	1	53,708
Department Total		21	691,168	957,541	8	321,568

**Department of Social Services (DSS)**

Roy Young, Interim Director of the Department of Social Services, Sandy Russell, Assistant DSS Director and Trish Baker, Director of Economic Services were present to discuss the FY 2010 budget.

Mr. Young presented the following information:

FY10 proposed Budget includes \$11.2 million in County funding which is 37% of the total budget.

	Actual	Amended	Proposed	Percent Change	Percent of Total Cty Budget
	FY 2008	FY 2009	FY 2010		
Total Budget	32,304,153.00	35,158,913.00	30,596,246.00	-12.98%	15.28%
Total Revenue	18,806,482.18	20,090,634.00	19,380,992.00		
County \$\$	13,497,670.82	15,068,279.00	11,215,254.00		
% Cty \$\$	41.78%	42.86%	36.66%		

**Economic Conditions**

While many economists are predicting an upswing in the economy in 2010, all acknowledge that employment is the last area to reflect an improved economy and unemployment levels will remain high well into 2010.

- We expect to continue to see a demand for our financial assistance programs (Medicaid, Food Stamps, Crisis assistance) in the coming year.
- We also expect to see continued increase in service requests related to the poor economic conditions including
  - o Increase in child support actions as more custodial parents actively pursue child support and parents under child support order request adjustments due to unemployment or reduced work hours.
  - o As production and other higher pay jobs evaporate, lower paying service jobs remain available. Requests for day care assistance remain high as the service jobs frequently do not paid enough to cover the cost of day care.
  - o Child Protective Service complaints and investigations are projected to remain high as these numbers tend to increase during stressful economic times.

**Revenues**

Revenue is projected slightly lower than FY09 (4%). Significant funding changes include:

- Elimination of Aid to Counties funding from the State (\$71,709)
- Reduction in JCPC funding for home based services and decreases in funding related to fewer children in foster care eligible for IV-E funding resulted in 2% decrease in budget for Child Welfare Services
- ARRA allows use of Child Support incentive funds as match for Federal reimbursement. Projected revenue increase 4%.
- Costs related to increased caseloads in Economic services resulted in 9% increase in projected revenue for this budget.
- CAP Program includes lower projection of revenue along with associated lower expenditures based on no growth in number of clients served
- In the Adult and Family Services budget, removal of the revenue for the Care Grant (which has not been awarded for the second of a two-year grant) resulted in 5% reduction in the revenue projections. These funds pass through the agency to support community programs working with children.
- Emergency Assistance is significantly lower than the FY09 revised budget. Revenue is adjusted through the year as Crisis Intervention funds are distributed.
- Foster Care revenues lower than current year as the change in funding stream initiated in FY09 did not have the impact initially projected by the State

#### Expenditures

Expenditures are projected lower than FY09 (-12%). Significant changes include:

- Removal of non-reoccurring expenditures in FY09 budget such as the costs related to the renovation and acquisition of Daymark space and purchase of Northwoods software
- The State assumes the total cost of non-Federal share of Medicaid in FY10. With this change we are expecting an increase in monitoring activity by the State and closer scrutiny of actions and documentations. While the State has not offered any dollar amount, the general consensus is to expect some County payback for errors.
- Associated reductions relating to revenue decreases including scale back in CAP Program and grant funding ending
- Reduction in travel costs with lower fuel costs and mileage reimbursement

#### Efficiencies

- The renovation of front desk and waiting area at DSS has allowed a reduction in waiting lines for clients coming to the agency and provided more adequate waiting area. The timing of the renovation could not have been better as it was finished just before the increase in requests for services which began in the fall of 2008. The number of clients coming to the agency doubled during this time and has remained consistently high.
- Northwoods' client tracking application, Compass Appointments, was implemented in September 2008. This program improved efficiency of front desk staff to route and track clients coming to the agency for services. Staff are notified of the arrival of a client through the computer rather than by phoning or paging. This reduced the amount of time front desk staff spent checking in clients, allowing them to respond to more clients in the same amount of time.
- Northwoods electronic record system has been fully implemented in Economic Services. While staff are still in the learning curve in the use of the program and paper records are still being converted to electronic records, this application has significant potential to improve our record management and

eliminate time spent looking for records and filing papers. We are looking forward to implementation of this application agency wide.

Position requests:

- Foreign Language Interpreter - 1 position
- Income Maintenance Caseworker - 4 positions

Income Maintenance Casework Position Requests

The Department has included in the FY10 budget a request for four (4) Income Maintenance Caseworker II positions to manage cases involving Medicaid and Food and Nutrition Services (formerly known as Food Stamps). The chart below represents the cases active each December from 2000 through 2008 along with the caseload as of April 2009. The staff available to manage these cases and the average caseload are also shown for 2002 through April 2009.

	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08	Apr- 09
Total Cases (Medicaid and Food Stamps)	10,929	12,561	15,055	18,103	19,482	21,751	22,413	24,038	26,728	27,717
Income Maintenance Staff w/ caseloads			33.75	35.75	39	40	43.25	43.25	48.75	48.75
Average caseload per Worker			446	506	500	544	518	556	548	569
Annual growth in cases		15%	20%	20%	8%	12%	3%	7%	11.19%	13.09%
Unemployment rate	3.6%	5.8%	5.3%	8.1%	4.7%	4.0%	3.8%	4.4%	8.5%	11.3%*

\*3/09 - The most recent unemployment figure available

Summary

- Cases in Economic Services (Medicaid and Food Stamps) have grown an average of 12% annually since 2000.
- While the growth rate may increase during periods of high unemployment, no corresponding reduction in cases during low unemployment has been observed.
- Caseworker staff increases have not keep pace with growth in cases. The average caseload in December 2002 was 446 while the average caseload in December 2008 was 548 cases. The average caseload per caseworker increased even with the addition of 15 caseworkers.
- As of April 2009, using a caseload standard of 500 cases per worker, 55.4 caseworkers would be necessary to manage existing cases - an increase of 6.65 workers.


Conclusions

- While utilizing untrained staff loaned from other departments has helped in the agency's ability to accept applications for assistance and gather the required documentation, the need for trained staff familiar with the program policy to apply policy to determine the eligibility for each case (application or review) has not been addressed.
- Failure to determine eligibility properly or within the established time frame increases the County's liability. With the State assuming the total cost of non-Federal share of Medicaid in FY10, we have been advised to expect an increase in monitoring activity by the State and closer scrutiny of our actions and documentations with the County charged for the cost of services received in error. While the State has not offered any dollar amount, the general consensus is to expect some County payback for errors.

Mr. Young and staff responded to a variety of questions from the Board.

Recess

UPON MOTION of Commissioner Poole, seconded by Commissioner Poole and unanimously carried, the meeting recessed at 6:35 p.m. until Thursday, May 21, 2009 at the Governmental Center at 3:30 p.m.

  
Clerk to the Board