

CATAWBA COUNTY, NORTH CAROLINA

May 14, 2012

Ladies and Gentlemen:

I hereby submit my recommended Catawba County Fiscal Year 2012/13 budget in the amount of \$226,270,481, which reflects a 1.2 percent increase in County operations. The budget maintains the property tax rate of \$0.53 per \$100 of valuation. The budget is balanced and prepared in accordance with the Local Government Budget and Fiscal Control Act.

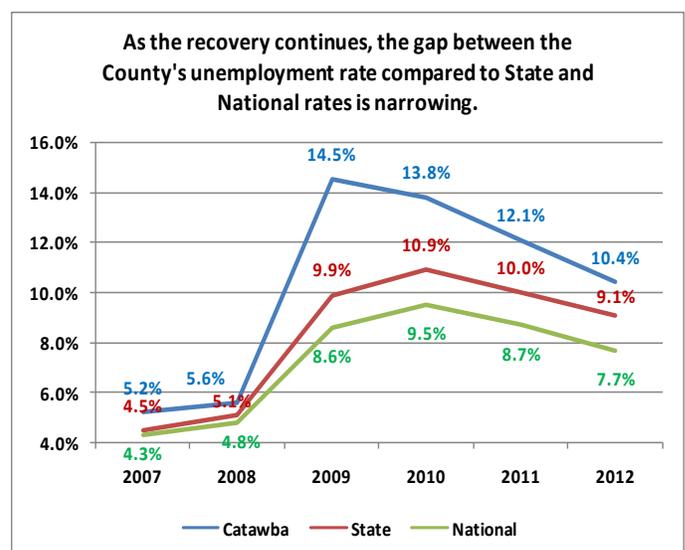
The budget addresses the Board of Commissioners' goals to:

- Prepare a Fiscal Year 2012/13 budget that provides needed County services within available revenues, including no property tax increase, ensuring that the County addresses its short term needs while planning for long term growth, and maintaining the Board of Commissioners' policy of two months of operating expenses.
- Support a coordinated effort to create jobs and property tax base by investing in infrastructure, the development of the County's quality of life, and educational opportunities. Participate with the private sector in determining a long-term vision.

Over the last four years, the County has made difficult decisions resulting in reductions totaling \$10.5 million and impacting over 100 positions – 9 percent of the workforce. With this budget, the County continues to examine the way it does business and meet service needs within available revenue. This ongoing fiscal conservatism has enabled the County to endure major revenue losses in an environment of economic instability, while maintaining vital services to citizens.

OUR LOCAL ECONOMY

The County continues to see slow, but positive, signs of economic improvement. In February 2010, Catawba County's unemployment reached a high of 15.4 percent. The April 2012 unemployment number for Catawba County is 10.4 percent, down from 12.1 this time last year. North Carolina has been hit harder by this recession than past recessions, during which it has tended to fare better than other states. As the recovery continues, the gap between the County's unemployment rate compared to state and national rates is narrowing.



Investments in our local economy pay dividends

The County's investment in the Economic Development Corporation (EDC) continues to benefit

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our local economy. Between 2009 and 2012, approximately 2,600 new jobs were created or announced, and will be filled over the next five years. Economic development projects during this same time resulted in the announcement of \$1.1 billion of new investment. Highlights include:

- Recently, Apple purchased 130 acres to construct the nation's largest end-user owned on-site solar array at its Maiden site. Apple has also filed plans with the North Carolina Utilities Commission to build a 4.8-megawatt fuel cell project, the largest such project not built by an electric utility company in the nation, which will generate electricity from hydrogen. To date Apple has added \$626 million in real and personal property to the County's tax base.
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- Fiserv, Inc. is investing nearly \$5 million and creating 419 jobs. Providing back-office support and customer service for Fortune 500 financial institutions, the company has leased the 60,000 square foot Adevco Spec Building for a 10-year period.
 - Sarstedt, Incorporated, a manufacturer of medical supplies, has expanded its distribution warehouse in Newton by 50,000 square feet, investing \$14.2 million. The expansion will create 20 new jobs which pay above the average hourly wage in the County.
 - Fairmont Designs, a manufacturer of home, hospitality and health care industry furnishings, will create 200 jobs and make a total new investment of \$1.5 million.
 - Turbocoating Corporation, USA, an Italian supplier that coats the engine blades in electrical turbines, has leased a 60,000 square foot facility in Catawba Industrial Commons for 10 years and will invest a minimum of \$13 million in machinery and equipment. It will create at least 80 jobs paying an average wage of over \$50,000 per year.
 - Lee Industries, a manufacturer of eco-friendly upholstered furniture, is expanding its operation to Conover, bringing 75 new, high paying jobs and investing \$2.5 million to fully renovate a facility formerly owned by Conover Chair.
 - Dalco Nonwovens added 55,000 square feet to its existing Conover manufacturing facility, investing \$9 million in construction and in a state of the art, nonwovens production line. This homegrown business will create 19 new jobs as it further develops its business in the geotechnical, automotive, industrial and agricultural textile markets.

- Punker, LLC, a German company producing fan wheels and blowers for the HVAC and exhaust industries, opened its first US manufacturing facility in Hickory and will invest \$4.5 million. The company plans to create at least 62 jobs, paying an average wage of \$35,000 per year.

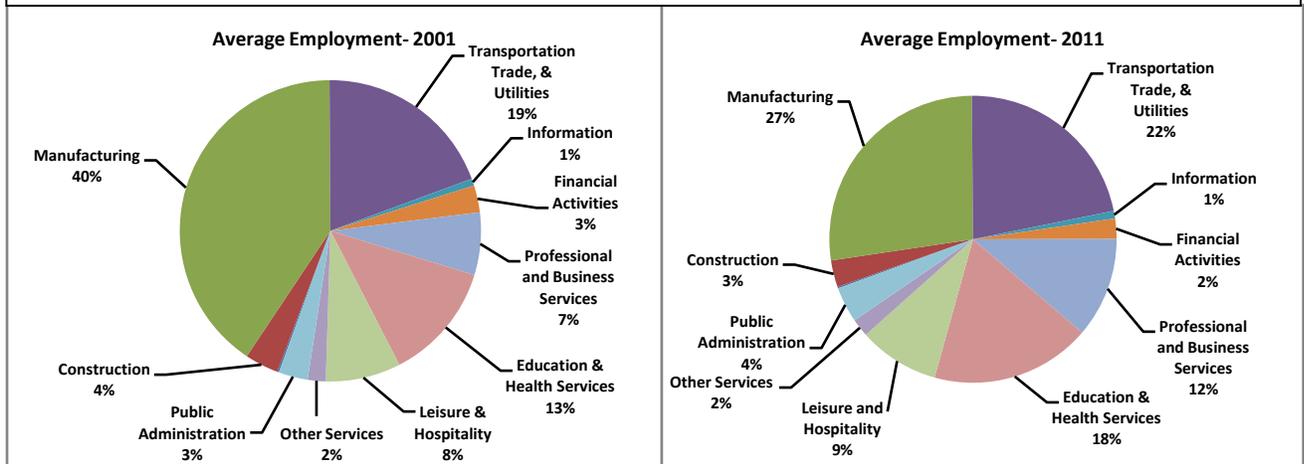
The EDC offers support to the County's existing industries by serving as a clearinghouse for business information, communicating with and reaching out to companies in a number of ways. The Existing Industries visitation program includes face-to-face meetings with over 100 companies each year. The Existing Industry Helpweb, located on the EDC website, allows existing industries to contact the EDC 24/7 with problems or questions. The EDC has also partnered with NC State University's Industrial Extension Service to develop "Manufactured in NC," a web-based marketing portal giving an enhanced online presence to NC manufacturers and suppliers. Funded by a grant from The Rural Center, the project is being piloted in the four-county Hickory Metro area and will eventually be expanded to all NC manufacturers.

Other investments that promote the County and stimulate the local economy include continued support of:

- The Convention and Visitors Bureau, including the County's share of the 2005 expansion of the Hickory Metro Convention Center, which brings money to the local economy through the promotion of conventions and conferences.
- The Chamber of Commerce Visitor Information Center.
- The tenth year of the Greater Hickory Golf Classic, which has an economic impact of \$20.5 million annually.
- A multi-jurisdictional business park with Conover, Hickory, Maiden, and Catawba funded by a portion of the ¼ cent sales tax revenue.
- The Chamber of Commerce's Edison Project, designed to identify and foster new small businesses.
- Funding toward the operational costs of the control tower at the Hickory Regional Airport will continue to match the support provided by Burke County

All of these investments help meet the Board of Commissioners' goal to support the creation of jobs and property tax base by aggressively recruiting most favored industries and supporting an environment for entrepreneurship. A ten-year comparison of the County's employment by sector reflects positive diversification of the employment base, particularly in Transportation, Trade, and Utilities Professional and Business Services, and Leisure and Hospitality sectors, lessening the County's reliance on Manufacturing.

Ten-Year Comparison Shows Positive Diversification in Countywide Employment Base

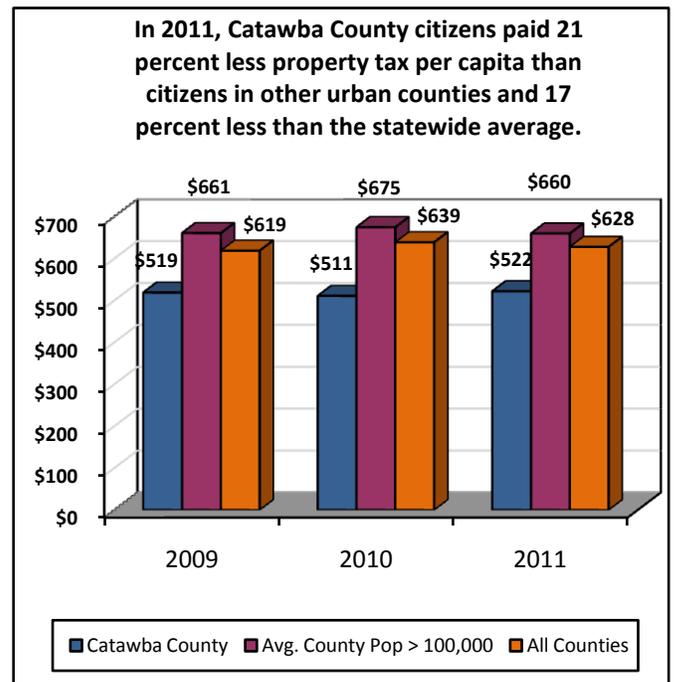


County spending on services to citizens also benefits the local economy, through an average of \$13 million contracted annually to the private and non-profit sectors. Contracts and services are reviewed annually to determine what makes sense to provide in-house, what makes sense to contract with the private or non-profit sectors, and what makes sense for the private or non-profit sector to assume. As a result, Catawba Valley Medical Center (CVMC) will take over prenatal services previously offered through Public Health, maintaining service to citizens while benefiting the hospital and Public Health by allowing each to focus on their areas of expertise. The agreement will shift \$1 million of Medicaid funds from the County to CVMC. Additionally, the County will save money by contracting mail services instead of providing the services in-house.

REVENUE HIGHLIGHTS

Property Tax

The projected tax base for Fiscal Year 2012/13, which includes real and personal property and motor vehicles, is \$15.7 billion and yields over \$80 million in revenue. This budget maintains the property tax rate of \$0.53 per \$100 of valuation, which is the 8th lowest tax rate of the 27 urban counties -- those with a population over 100,000 -- and the 28th lowest of all 100 counties in North Carolina. In 2011, Catawba County citizens paid 21 percent less property tax per capita than citizens in other urban counties, and 17 percent less than the statewide average.



The budget projects an overall increase of 1.6 percent in property tax revenue. The primary reasons for the increase are new personal property investments by Apple and growth in motor vehicles values for the first time since Fiscal Year 2004/05. Real property values declined slightly compared to the prior year budget.

Sales Tax

Catawba County receives only 2 ¼ cents of the total State sales tax rate of 7 cents. The County shares proceeds from the first two cents with the municipalities on a per capita basis. The remaining ¼ cent, approved by voters in a November 2007 referendum, is dedicated to a Justice Center/Public Safety expansion, public school operations, economic development, and water and sewer.

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Sales tax collections are trending higher than the same time last year. The North Carolina Association of County Commissioners is advising counties to anticipate additional 2 to 3 percent growth in Fiscal Year 2012/13. Catawba County continues to be more conservative, budgeting only 1.8 percent revenue growth.

Building Permits and Real Estate Excise Tax

Building permits have declined 33 percent since 2008. Inspections declined 47 percent and plans reviewed declined 32 percent during this same period. Building permit revenue declined from a high of \$2.6 million per year to \$750,000, or 71 percent. The County's policy is for Building Services to pay for itself as much as possible through permit revenue. Due to declining building permit revenues, 14 Building Services positions and 1 Permit Center position have been eliminated over the past four years. The reduction in permitting volume is accompanied by a decreased work load in the Planning Department and, as a result, the Fiscal Year 2012/13 budget eliminates a planner position.

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Real estate excise tax revenue has decreased 40 percent over the past three years as a result of a downturn in the economy, and is projected to remain flat next year. A position eliminated in the Register of Deeds Office in January results in continued savings in the coming year.

Fees

Some fees are set by the State or Federal government. Other fees are set by the Board of Commissioners. Annually, the County reviews fees to ensure consistency with the fee philosophy established by the Board of Commissioners, which is specific to each service provided. Some fees, such as landfill user fees, are designed to recover 100 percent of the cost to provide the service. Other fees seek to influence behavior, such as pet adoption fees to encourage responsible ownership, or the lack of library membership fees to encourage reading

and library use. Still other fees seek to offset a portion of the costs of providing the service directly from citizens who use the service, such as EMS fees. Fee changes established with the budget include:

- **Register of Deeds** – The state increased fees for recording legal instruments starting on October 1, 2011, resulting in a projected \$20,000 revenue increase.
- **Sheriff** – The fee charged to rent beds in the Catawba County Detention Center is increased from \$45 per day to \$75 per day based on projected actual costs. Bed rental revenue is being reserved to help cover the cost of future jail expansion while a limited amount of excess bed space exists

Consistent with Session Law 2011-145, the fee for initial inmate sick call medical visits is increased from \$10 to \$20. Follow-up sick call visits are increased from \$5 to \$10.

The State increased the fee for service of process in August 2011 from \$15 per paper served to \$30, resulting in a projected \$75,000 revenue increase, which will help fund new road patrol deputies in Fiscal Year 2012/13.

- **Utilities and Engineering** – To maintain the County’s goal to recover 100 percent of the cost of the Building Services Office, but also consider economic conditions and the effect of fees on the building community, the building permit fee philosophy has been modified as follows: “Building Inspection fees are in place to recover 100 percent of the cost of the Building Services Office. *Fees will be benchmarked against other counties each year and rates will be set to recover as much of the County’s cost as possible given economic conditions and the results of the benchmarking.*”

Utilities and Engineering currently charges substantially less than most counties for plan review, with a \$10 flat fee regardless of the number of trade inspections required. The budget establishes a \$10 per-trade fee, since it takes more time to review a plan that includes general building, mechanical, plumbing, and electrical permits than it does to review a plan involving a single trade.

- **Public Health** – The budget creates a separate, reduced fee for Push Carts/Mobile Food Units of \$150. These units are smaller and take less time to review than restaurants, for which the Food and Lodging Plan Review fee is \$250.

Vaccine Administration fees are increased at the direction of the State in order to bring charges in line with costs. Similarly, the fee for Rabies Titer test is increased from \$65 to \$75 to gradually bring the fee closer to the projected actual cost of \$93.

- **Parks** – The budget establishes a fee philosophy for the Parks: “*To offer specialized amenities and reserve facilities for individual, family, corporate, or group activities.*”

Fees will be benchmarked against other counties and the State each year.” The fee to rent one of the educational/meeting rooms will increase from \$35 to \$50 at St. Stephens and Riverbend Parks. Citizens will continue to pay \$35 to rent picnic shelters. Individuals who reside outside of Catawba County wishing to rent one of the rooms or picnic shelters, or to obtain an annual permit to use the dog parks, will pay an additional \$10.

EXPENSE HIGHLIGHTS

County operations—the year-to-year cost to run the County--increase only 1.2 percent. In certain years, the County starts school construction projects, which inflate the budget cost for that one year as the projects are authorized. In Fiscal Year 2011/12, there were only \$3 million in school construction projects while the Fiscal Year 2012/13 budget authorizes \$25 million in school construction projects: a new Longview Elementary School, a major renovation at South Newton Elementary and Newton-Conover Middle Schools, and renovations for Catawba Valley Community College (CVCC). These one-time projects cause a one-year increase in the overall budget, as does increased debt payments (\$5.366 million) for CVMC, for the hospital’s current expansion. While debt obligations for the hospital are reflected in the County’s budget, 100 percent of the costs are funded by the hospital, so no property or sales tax dollars are spent.

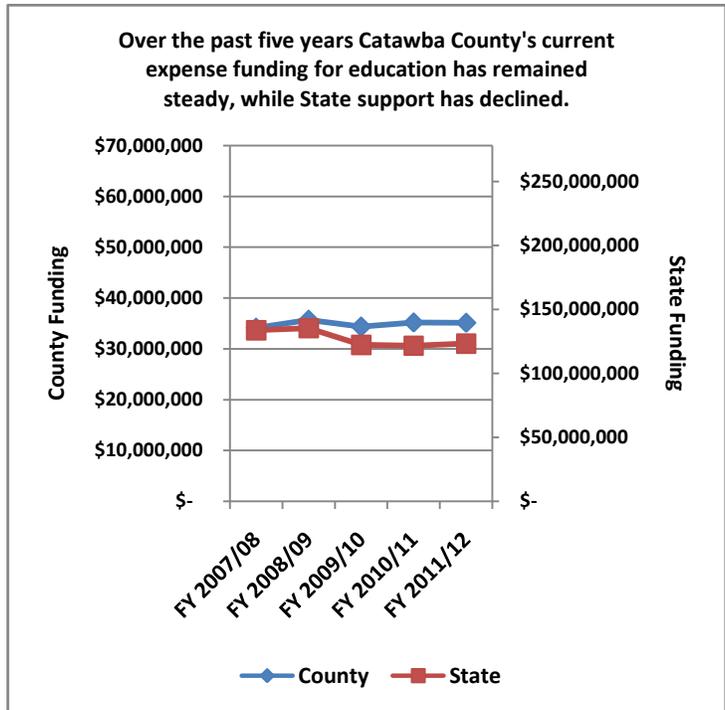
EDUCATION

Current Expense

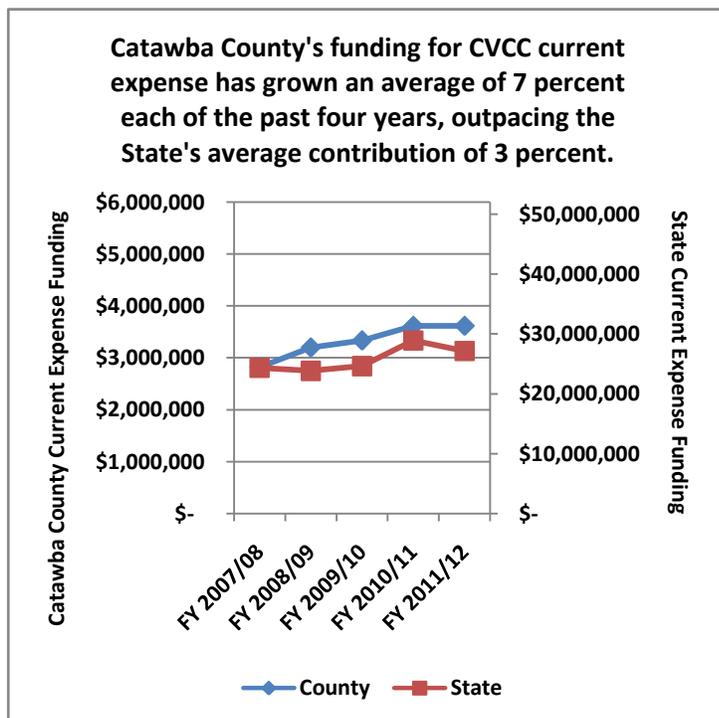
Education continues to represent the largest portion of the local budget, with 48 cents of every property and sales tax dollar allocated for the instructional costs and capital needs of the three public school systems and CVCC. The State has certified enrollment numbers of 24,523 students for next year, a net increase of 8 students. State certified student enrollment numbers for Catawba County Schools decrease by 137, increase by 111 for Hickory Public Schools, and increase by 34 for Newton-Conover City Schools.

Funding the cost of school operations is clearly the responsibility of the State, but historically the General Assembly has not adequately funded public schools. The State has made substantial reductions to school funding over the past five years, and it appears State funding may again be reduced in the upcoming year. Similarly, 49 of North Carolina’s 100 counties reduced funding to schools in one or both of the past two years to help balance local budgets, as reported in the annual Budget and Tax Survey conducted by the North Carolina Association of County Commissioners.

In contrast to the State and other counties, Catawba County's per pupil funding increased, from \$1,351 in Fiscal Year 2007/08 to \$1,433 in the current year, a 6 percent change. For Fiscal Year 2012/13, per pupil funding is increased an additional 1 percent to \$1,447. This increase results in total local current expense funding of \$35.49 million, which pays for local teaching positions, teacher supplements, utilities, technology and other operating expenses. Barring any major changes by other counties, the new per pupil funding should slightly improve the County's ranking from 44th to 43rd in the state



Included in the allocation for public schools are funds for programs jointly operated for the benefit of the three school systems – the Adolescent and Children in Treatment (ACT) Program, Hickory Career & Arts Magnet (HCAM) core academy, the Conover School for exceptional children, Community Schools, the school bus garage, and Challenger High School.



Over the past five years, CVCC enrollment has increased 21.2 percent as displaced workers have sought retraining, and youth transitioning from high school to higher education have found the community college an appealing option. Like public education, the State is responsible for funding community college operations, but has effectively reduced CVCC's funding \$7.5 million by not fully funding enrollment growth. During this same timeframe, Catawba County's funding for CVCC current expense has grown an average of 7 percent, outpacing the State's average contribution of 3 percent. Next year funding for CVCC will increase an additional \$95,120 or 2.6 percent to

\$3,712,188, which should maintain the County's ranking in community college funding of 15th out of 58 community colleges, barring any major changes in funding for other community colleges.

Public Schools and CVCC Annual Capital

Local dollars finance building and equipment needs of the three school systems and CVCC. Projects next year are largely focused on energy saving, roofing, and safety. Annually, counties

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receive only 7 percent of the statewide lottery proceeds to address school construction needs. In Fiscal Year 2010/11, \$26 million in lottery tickets were sold in Catawba County, of which only \$1.85 million was returned to the County. Lottery funds

are used to fund debt commitments for school construction and renovation (\$1.5 million). The County has benefited the last three years from changes in the State lottery allocation formula that penalized Catawba County for having a property tax rate lower than the statewide average. An additional \$600,418 in lottery funds are, therefore, used for one-time building needs.

Public school and CVCC capital projects in the annual capital outlay budget total \$4,249,288 as follows:

Catawba County Schools

- Boiler Replacement at Arndt Middle School \$110,000 – Lottery funds will replace a boiler originally installed in 1971 that is experiencing major problems.
- Bleacher Replacement \$2 million – Local funds are included to address bleacher replacement needs at St. Stephens, Bandys, Bunker Hill, and Fred T. Foard High Schools. All are in poor condition and present safety concerns. This is in addition to \$1.9 million approved in the current year for bleacher replacements. Since last year's request, the school system has learned that the bleacher replacement triggers a State building code that requires the installation of additional bathrooms at every school except Bunker Hill High School, as well as upgrading the sewer system at Bandys High School.
- Gym Floor Replacement at St. Stephens High School \$120,000 – The gym floor has been in place since 1965 and experienced significant damage due to a water leak in the hydronic piping system, which is being repaired with County funds.
- Activity Buses \$162,214 – Two activity buses that are roughly 20 years old will be replaced.
- Fire Alarm Replacements \$80,000 – Funds are included to replace the fire alarm systems at St. Stephens High and Maiden Middle Schools due to age and difficulty in getting parts when the systems experience problems.

- Sewer Development Fees and Connection Costs \$89,000 – The cost to connect Bunker Hill High, River Bend Middle, and Oxford Elementary Schools to the new County sewer line.
- System-wide Re-roofing \$220,000 – Lottery funds are included for roofing projects at Fred T. Foard High School, Maiden Elementary School, and various smaller repairs.
- Chiller Replacement \$125,000 – Lottery funds are included to replace a chiller at St. Stephens High School.

Hickory Public Schools

- Hickory High School Storm Drain Replacement (Sink Hole) \$84,074 – A large sink hole opened near the baseball field at Hickory High School this Spring. In the current year, an existing project was closed, freeing \$40,926 toward a total estimated repair cost of \$125,000. Emergency repairs of \$25,000 were initiated, with the remainder of the closed project funds plus an additional allocation needed in FY12/13 to fix the storm water pipe that created the problem.
- Hickory High School Track Replacement \$95,000 – The rubber track system is 13 years old and is no longer repairable or usable in its current state because it presents a tripping hazard.
- Security Fencing and Outdoor Site Lighting Installation \$26,000 – This project improves lighting and adds fencing in order to control access to the school grounds at Jenkins Elementary School and at HCAM.
- Walkway Cover at Jenkins Elementary School Installation \$45,000 – Lottery funds are used to install a walkway cover at Jenkins Elementary School. Building codes require covered walkways for all new buildings.
- Stair Rail Replacement at Oakwood Elementary School \$30,000 – The uprights on the stair rails are too far apart to meet code requirements, and the top of the rails is missing in some areas. These problems are creating safety concerns. Lottery and local funds are used to fund this project.
- Gym Floor and Bleacher Replacement at Oakwood Elementary School \$110,000 – The gym floor and bleachers are 43 years old. There are large gaps in the wood, and nails are protruding, presenting a safety risk. While the floor is up the bleachers will also be replaced.
- Energy Management System Additions and Upgrades \$50,000 – Six HVAC units are added to the Energy Management System at Hickory High School so the systems can be controlled remotely, and improvements are made to the systems at Northview Middle and Oakwood Elementary Schools.
- Maintenance Vehicle Replacement \$50,000 – Two 28 plus year old maintenance vehicles are replaced.

- Bathroom Vent Addition at Grandview Middle School \$25,000 – There are no vents in the restrooms at Grandview Middle School.

Newton-Conover City Schools

- HVAC Units Shuford Elementary School \$250,000 – Lottery and local funds are used to replace 6 HVAC units at Shuford Elementary School that were installed when the school was built in the mid 1970s.
- Van for Technology Department \$28,000 – Replacement of late 1990s pickup truck, which is currently unable to move equipment in inclement weather.
- Asbestos Management \$30,000 – Funds to address asbestos issues should they arise.

The Capital Outlay Budget includes \$52 per pupil, a total allocation of \$1,275,196, for small capital and repair needs with a per item cost of less than \$12,500. The individual school systems decide how these funds will be spent throughout the year. In addition, the County funds half of the cost of a construction project manager for Catawba County Schools and a shared construction project manager for Newton-Conover City Schools and CVCC. These positions provide support in monitoring current construction projects to keep them on schedule and within budget, ensuring compliance with building code requirements, processing change orders, working with the schools to ensure that the projects meet their needs, and developing annual capital and 8-year plan requests. The project managers also assist the County with building projects such as the recent renovations to the Family Services Center and Dental Clinic, and the Newton-Conover project manager will be managing construction projects for the Justice/Public Safety Center, Animal Shelter, and Sherrills Ford Library.

Total annual capital funding to the three school systems for projects, per capita, and project managers is \$5.6 million.

CVCC

Capital projects totaling \$520,000 are included for CVCC to make needed upgrades to its campus. One major project will improve security on the campus by adding new, and enhancing existing, cameras. Other projects include funding for general renovations, installation of a new fire alarm system for the Administration Building, replacement of carpeting and 30 year old seats in the auditorium, and replacement of a 16 year old maintenance truck.

Schools Construction and Debt

The budget continues debt commitments for public school and community college construction projects. Over \$16 is million budgeted as debt payments for projects such as Catawba County Schools' Snow Creek Elementary School, Hickory Public Schools' Hickory High School renovations, Newton-Conover Schools' County Home Middle School, and CVCC's East Campus/Art Center renovations. As debt is retired, the dollars committed to school debt are reserved for future school building projects to ensure long-term financial stability. New

construction projects totaling \$57.7 million are planned over the 2013 to 2015 period. Projects planned for Fiscal Year 2012/13 are:

- Longview Elementary School (\$11 million) – Construction of a new school on the old Grandview Middle School property to replace Longview Elementary School, which was constructed in 1956 and is the oldest school in the district.
- Newton-Conover Middle School Renovations (\$1 million) – Building renovations to turn the former Newton-Conover Middle School into an elementary school to replace Thornton Elementary School.
- South Newton Elementary School Renovations (\$10 million) - A construction project to demolish all but administrative office space and the library area, and build 22 new classrooms, computer lab, 2 exceptional children self contained rooms, up to 4 small resource rooms, music room, art room, gym, new library, and cafeteria.
- CVCC Campus Renovations (\$2 million) –General classroom renovations in the Main Building and East Campus.
- CVCC Vocational Building (\$1 million) – Planning funds for the construction of a new 97,000 square foot business and industry complex scheduled to begin in Fiscal Year 2013/14 at an anticipated total cost of \$16.7 million.

PUBLIC SAFETY

The County continues to place Public Safety as a high priority, investing 22 cents of every property tax and sales tax dollar in operational and capital needs.

Sheriff's Department

The budget funds three new road patrol deputies (two starting in July and one in January). The Sheriff's Department has done an excellent job optimizing existing staff resources, as deputies spend more time on patrol than industry averages. However, total call volume has increased by 11.23 percent, and the number of calls requiring the response of multiple officers to ensure officer safety has risen significantly. At the same time, increased requests for proactive activities like participation in neighborhood/community meetings and residential/church checks have increased, straining available manpower. An analysis of call volume versus current available staffing reflects little time for proactive enforcement efforts and raises concerns for officer safety. The addition of three new road patrol deputies will begin to address this issue.

The budget maintains two positions previously funded by grants, an investigator and deputy assigned to the Domestic Violence Unit. In Fiscal Year 2010/11, the department responded to 4,929 domestic violence-related calls, or an average of 411 calls per month. Domestic violence-related calls have increased 43.8 percent since

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2008. The Domestic Violence Unit investigates the calls and handles Domestic Violence Orders, which assists Road Patrol and improves the level of service to victims.

The budget replaces 14 law enforcement vehicles and funds a new vehicle for the additional road patrol deputy added in January. The vehicles being replaced all have high mileage, which creates concern over reliability and safety for use in emergency operations. (Vehicles and equipment for the deputies scheduled to begin in July were funded in Fiscal Year 2011/12 so equipment can be on-hand as soon as the deputies are hired.) A secondary boat used to patrol Lake Norman will also be replaced due to age, safety and structural issues.

Investigations will be enhanced and manpower saved through the purchase of evidence scanning equipment. The system will automate evidence tagging for approximately 14,000 pieces of evidence per year, eliminating inventory control issues and allowing two employees to complete inventory in two days versus the two months spent recently by four employees to cycle out old evidence. Half of the funding for this project will come from federal narcotics forfeiture funds; the other half will come from the General Fund.

Funds are included to meet the State Division of Criminal Information (DCI) requirement that all mobile devices which attach to the DCI information system have two-factor identification by 2013. Currently, users must enter a password to access information. Under the new State requirement, additional verification that the person accessing the information is the authorized user is necessary. Examples of methods that can be used to meet this new State requirement include USB thumb print scanners, algorithm generators, or text messages to a phone.

Equipment will be purchased to allow palm prints to be submitted through the Automated Fingerprint Identification System (AFIS). This is a requirement for all sex offender registrants.

Justice Assistance Grant funds will be used to purchase two pieces of equipment to improve law enforcement:

1. A Universal Forensic Extractor to obtain data at crime scenes. This system can be used in the field to extract data (text, GPS, photos, call logs, contacts, memory, passwords, and deleted data) from cell phones, vehicle GPS systems and tablets. This information is essential to criminal investigations due to the wide use of wireless devices. The evidence obtained may lead to identification of additional suspects, and can be obtained during the arrest or pursuant to search warrants.
2. A Handheld Through-wall Sensor to detect people through walls. This system detects slight movements (even breathing) with a range up to 50 feet through walls, floors and ceilings. It can be used in the field by SWAT Teams during manhunts, hostage situations, or stand offs, and for search and rescue in disasters, fire or other situations where fast location is critical.

Catawba County is renting a limited number of beds to the federal government at the Newton Jail, and to Burke County at the BCDCF, banking the proceeds to help fund future expansion and reduce costs to taxpayers. To date, \$1.225 million has been set aside, with another \$475,000 planned in Fiscal Year 2012/13.

Jail

The ownership of half of the Burke-Catawba District Confinement Facility (BCDCF) continues to pay dividends by enabling Catawba County to build and staff fewer beds at the Newton jail. When space is available, Catawba County is renting a limited number of beds to the federal government at the Newton jail and to Burke County at the BCDCF, banking the proceeds to help fund future jail expansion and reduce future costs to taxpayers. To date, \$1.225 million has been set aside, with an

additional \$475,000 planned in Fiscal Year 2012/13.

To alleviate jail space and prolong the life of the existing facilities, the budget funds jail diversion efforts:

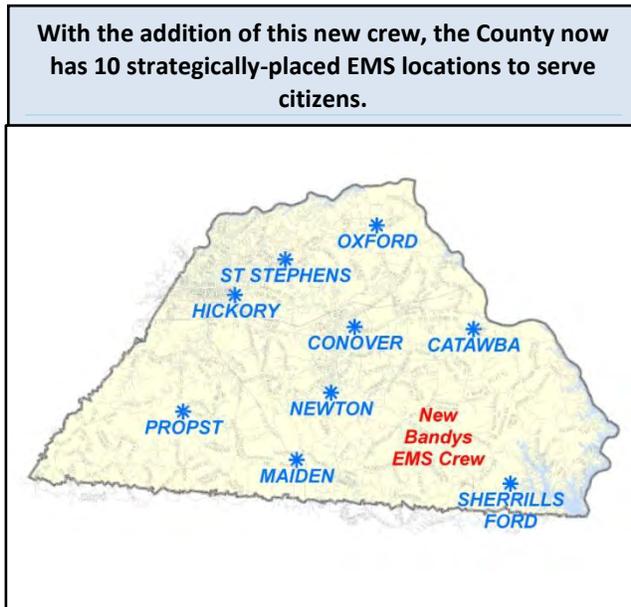
- Electronic House Arrest (EHA) places pretrial defendants, for whom judges want additional assurance (beyond bond) that the defendants will appear in court if released while awaiting trial, as well as defendants who fail to pay child support, on electronic monitoring bracelets, instead of being confined to jail.
- Pretrial Services interviews and helps release non-violent inmates, either through disposition of cases or bond modifications. These efforts saved the County 4,148 inmate bed days in Fiscal Year 2010/11, or \$311,100.
- Justice System Coordination focuses on getting people through the judicial system as quickly as possible, assisting defendants with Affidavits of Indigence, working to assure priority courtroom use through pleas and other methods, and improving technology in courtrooms, saving the County a projected 5,051 bed days or \$378,825 in Fiscal Year 2010/11.

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Emergency Medical Services Expansion

Funding for Emergency Medical Services is increased to add a new 40-hour per week EMS crew in the Bandys area. The crew will be collocated in an existing Bandys fire station. The Board of Commissioners' goal is an 8-minute or less average response time to emergency calls. While the countywide average response time remains at 7:41 through February 2012, portions of the Bandys area currently cannot be served within this 8-minute goal. This affects not only Bandys but the three districts that currently help respond to these calls: Sherrills Ford, Newton, and Catawba. Two of these districts have an emergency response time higher than 8 minutes when

the EMS crew within their district responds to a call, and all have response times significantly higher than 8 minutes when a unit from a different district must respond because the primary unit is unavailable. Therefore, the addition of the Bandys crew not only improves service to the new Bandys area but to all surrounding areas as well. With the addition of this new crew, the County works out of 10 strategically-placed EMS locations to serve citizens.



In addition to the Bandys expansion, the budget includes three replacement ambulances and the replacement of a quick response vehicle with a smaller, more fuel efficient model. The units being replaced all have high mileage. Three cardiac monitors are also replaced.

Fire & Rescue

Catawba County is fortunate to have a large number of highly-trained and dedicated volunteers providing fire and medical first response services.

Changes are recommended in the fire tax for Cooksville and Bandys Volunteer Fire Departments:

- Cooksville requested a tax increase from \$0.0517 to \$0.0617 to work towards offering medical first response, set aside funding for future apparatus replacement, lower its insurance rating, and general operations. With the aging status of the department's facilities and fleet and its commitment to increase service, the requested increase is included in the recommended budget.
- Bandys requested a tax increase from \$0.06 to \$0.075 to address rising call volume, provision of medical first response services, and the expansion of stations that occurred within its district in Fiscal Year 2011/12. With Bandys being the only Fire District that provides fire, rescue, and medical first response service to its citizens with a tax rate of less than \$0.07, and with the increased service provision/expansion of stations the department undertook in the prior year, the request is recommended in the budget at \$0.07.

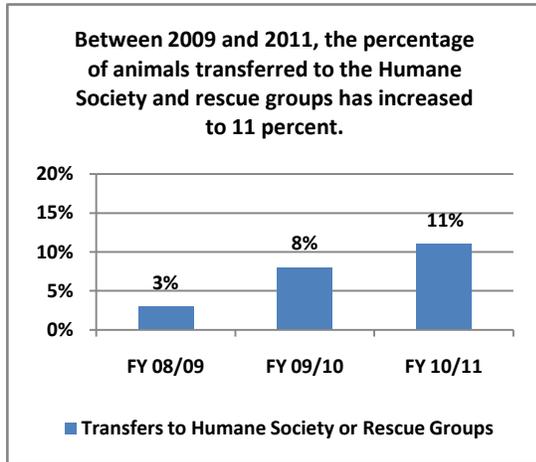
Rescue Squads had an average response time in Fiscal Year 2010/11 of 5:46 minutes, while responding to 99 percent of calls, better than the response time goal of 6 minutes and 95

percent of calls dispatched. The budget continues funding for the six rescue squads in the County for the Medical First Responder Program and increases funding for needed equipment.

Animal Shelter and Animal Control

The Catawba County Animal Shelter provides service for the County and eight municipalities. The current Animal Shelter is over 20 years old and averages a population of 163 animals per day, roughly double its capacity of 78. It was not designed to meet the current

The current Animal Shelter is over 20 years old and on average houses 163 animals per day or double its capacity of 78.



capacity of animals being housed or to accommodate the newest treatment options, resulting in the need to euthanize approximately 20 animals per day. However, by working closely with rescue groups and participating in local adoption events, the Animal Shelter was able to adopt or place in foster homes and rescue groups 701 animals in the first half of Fiscal Year 2011/12. Staff has also done an excellent job reconnecting animals with their owners if they enter the Shelter, returning 219 animals in the first half of the year.

In addition to space constraints, the current Animal Shelter has several design shortcomings that impede the department's ability to effectively operate. Staff currently must physically handle each animal to place them into portable cages when cleaning, which creates an escape hazard, a significant bite hazard for staff and animal stress. All owner-surrenders must enter the Shelter using the same entrance as animals being adopted, thereby increasing the potential for disease to be spread. Additionally, there is no room in the Shelter for the public to interact with potential adoption animals, hindering a positive adoption experience.

The budget allocates \$205,000 for one half year's debt payment on a new Animal Shelter. Design drawings are approximately 95 percent complete for the new facility, and the County expects to begin construction this Summer with completion by Fall 2013.

Emergency 911 Communications Center

The Emergency 911 Communications Center is critical to public safety, ensuring calls are dispatched to the correct emergency responders as quickly as possible. The Emergency 911 Communications Center continues to answer 98 percent of calls within 10 seconds, and dispatch emergency calls on average within 48 seconds, well within their 65 second goal, even though the Center received 85,000 911 calls last year. The national average emergency dispatch time is between 75 and 110 seconds, so Catawba County telecommunicators do an excellent job.

Justice Center Expansion

A portion of the ¼ cent sales tax proceeds has been dedicated towards the needed expansion of the Justice Center. The project will add more space for courts and court-related functions, and is the first expansion of the Justice Center in over 34 years. Technology improvements to the courtrooms are also planned. The facility will house a new 911 Emergency Communications Center and new Emergency Operations Center (EOC), EMS Administration and Emergency Services. Existing space for these critical public safety functions is currently too small, technologically deficient and cannot be upgraded to meet the needs.

PLANNING & PARKS

The workload of the Planning Department for planning and zoning activities is down compared to past years. Between 2007 and 2011, residential zoning permits declined 50 percent, rezoning requests declined 54 percent, non-residential zoning site plans declined 24 percent, and subdivision plats declined 55 percent. As a result, a Planner position is eliminated in the Fiscal Year 2012/13 budget.

Planning will place an increased emphasis on farmland protection and local food self-sufficiency, working with Cooperative Extension Service to complete and implement a Farm and Food Sustainability Plan which will promote local farming and the use of locally produced foods. Efforts will also include development of a robust “Farm-to-Fork” initiative, where local food producers link with local food distributors and restaurants to ensure the availability of fresh, locally-produced food within Catawba County. The budget includes funding for Foothills Conservancy, which will provide coordination with the local farming community and launching a regional initiative, as well as work with local farmers to obtain conservation easements to promote farmland preservation.

Support continues for the Catawba Lands Conservancy, which played a major role in the County receiving a grant from the North Carolina Clean Water Management Trust Fund to purchase the Mountain Creek tract of land for a future park, and will assist the County in maintaining compliance with the grant’s monitoring requirements in the coming year as well as provide public outreach through the Carolina Thread Trail organization.

The budget maintains hours at the County’s three parks. Park use continues to increase with the existing 4-day schedule of operating hours.

LIBRARIES AND CULTURAL PROGRAMS

Libraries

Libraries are an important resource to the community, particularly in providing computers, internet access, and training to those looking for work in an increasingly digital world. Fostering a love of reading among youth is important in helping children improve educational attainment.

As the economy declined in recent years, the demand for library services increased 11.7 percent. To address demand and better serve citizens in a fast growing area of the county, funding continues to be set aside for a new Sherrills Ford Branch Library from the temporary diversion of ½ cent of the property tax rate from water and sewer projects. Planning for this new library is currently underway, and construction is scheduled to begin in Winter 2013.

The budget increases funding to Patrick Beaver Library. County and City library staff also continue to partner with each other to provide programming to citizens.

Other Cultural Programs

The County provides annual funding to the United Arts Council, which is the designated County partner appointed by the North Carolina State Legislature to receive State funds. County funds are matched with State dollars for cultural projects in Catawba County, including Projects Pool Grants. Funding was increased to the United Arts Council to move the County's funding closer to the goal of \$1 per capita.

Both the SALT Block (which houses Catawba Science Center, the Hickory Museum of Art, the United Arts Council and Western Piedmont Symphony) and the Newton-Conover Auditorium Authority receive County funding toward the upkeep and maintenance of these facilities. Operational funding continues for the Historical Museum, which resides in the 1924 Courthouse, along with funding to assist with processing applications for the National Register of Historic Properties in the County.

TECHNOLOGY

The County continues to invest in technology designed to improve staff's ability to deliver service to the public, eliminate office space, and improve overall efficiency. Technology and Tax staff are working together to implement a new land records/computer assisted mass appraisal (CAMA) software system used for the appraisal of property to generate property tax values. The existing system has been used for more than 20 years and can no longer be updated. The new system will increase functionality and improve work flow efficiency.

Mobile technology plays a huge role in the day to day operation of the County. Laptops with air cards, smart phones and tablets allow employees to stay connected and perform services from almost anywhere at any time, which keeps staff in the field more hours, reduces office space and cost, and provides better service to the public. Funding mobile applications has produced many benefits:

- Sheriff's deputies use laptops with air cards in vehicles to send incident, arrest, and supplemental reports, receive email, fill out timesheets, and use the internet for crime data while in the field. The technology has increased patrol time by an estimated two hours per day per officer.

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- EMS uses laptops to receive call information (including maps), check en-route or on-scene, and as a method of secure communication between the 911 Emergency Communications Center and the EMS unit. Tablets are used to complete call documentation while on standby or in transit, rather than waiting to get to an EMS base to complete this work.
- Fire/Rescue Services access inspection history, permit information, and complete inspections in the field via iPads.
- Building Services uses laptops and air cards to perform building inspections, which has provided the capacity to conduct a total of 22 more inspections per day.
- Public Health uses mobile technology for Environmental Health, School and Home Health Nurses to enable staff to stay in the field performing their jobs instead of in the office, and reduce the demand for office space by allowing workers to more easily share smaller areas when they do have to come to the office for administrative purposes.
- Maintenance employees receive and update the status of work orders using smartphones in the field, instead of returning to the office. The technology is saving each worker roughly an hour per day and has allowed Maintenance to become virtually paperless.
- Social Services has 36 employees in areas such as Family N.E.T., Adult Services, Children's Services, Family Support Services and Child Support that use mobile technology to work from home part of the week, reducing demand for office space.
- Last year the Board of Commissioners took advantage of mobile technology and moved all of its material to iPads. The reduced costs of printing for less than a year covered the cost of the iPads

In addition to mobile, other technology projects bring significant value to the citizens of Catawba County through enabling increased public access to services, productivity, transparency and efficiency.

- Citizens can pay for a variety of County services (including tax bills) online or in person with debit or credit cards. In Fiscal Year 2010/11, \$3.3 million was collected electronically, a 29 percent increase since 2008.
- Expansion of an interoperable radio system continues, with more than 930 public safety users countywide. The County continues to partner with the State using its network to save Catawba County the expense of building infrastructure. In Fiscal Year 2011/12, microwave connections have been added to towers on Bakers Mountain, Anderson Mountain and Highway 16 North for reliability, reducing the cost of T1 lines

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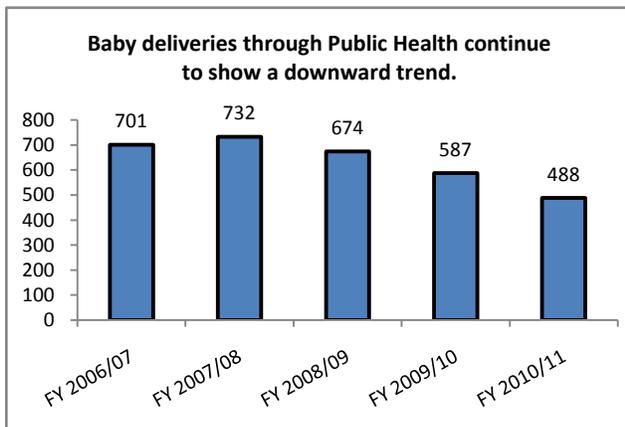
- The County provides shared technology services to Catawba, Claremont, Conover, and Newton. Partnerships allow municipalities to take advantage of the County's larger purchasing power for services like virtual desktops, servers and backups, telephones, and Internet service.
- The County's commitment to provide quality customer service is evidenced by the recent implementation of a web-based permitting system. In addition to allowing both citizens and staff more access from more places, the system is fully integrated with GIS, Environmental Health software for inspections, financial software for billing, and the online payment system to provide users a more seamless experience.
- Catawba County has been recognized for its transparency for information provided to citizens online. This consists of data that citizens can download anytime, social media, QR Codes, food inspection scores, buildings permit information, GIS maps and reports, jail information and other information commonly requested by the public.
- Most departments are reducing paper and file cabinets by storing and managing records electronically. For example, by converting the storage of personal property tax listing forms from paper to electronic documents, 10 file cabinets were removed and one additional office space was created in the Tax Office. Many documents, such as Incident Reports from the Sheriff's Department, can be offered online for 24-hour-a-day self-service by the public and media.



HUMAN SERVICES

Public Health

The Prenatal Program offered by Public Health has experienced a steady decline in the number of deliveries coordinated through the department--33 percent since Fiscal Year 2007/08. This is



due to a drop in the countywide birthrate, as well as more private physicians treating pregnant women with Medicaid than in previous years. Therefore, beginning July 1st all prenatal services previously provided by Public Health will now be provided by Catawba Valley Medical Center. This partnership with the hospital is mutually beneficial. The hospital can bill Medicaid for the services it provides to citizens at a higher rate than Public Health, and can more easily absorb any changes in service demand due to

its larger clinical resources. The shift to service assurance rather than direct provision will allow Public Health to refocus its efforts on case management and eliminate the need to continuously adjust staffing based on the number of births. Moving forward, prenatal clients should notice little difference with this partnership, as service will still be provided at the Public Health facility, only with hospital staff.

Fiscal Year 2011/12 also marked the completion of an expansion to Public Health's Dental Clinic. The expansion includes three new operatories, new dental equipment, electronic patient management software, and double the waiting room space. \$43,000 is included in the budget to fund increased dental service for preschool and school-aged children with no method of payment. The funds will allow approximately 120 additional children to be served, and will free up additional funding within the Kids In Need (KIN) Fund to provide increased medical care to approximately 141 children who do not have health insurance.

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County property and sales tax dollars provide 16 percent of Public Health's total budget.

Social Services

The upcoming year will present new challenges for Social Services, stemming from potential State and Federal funding cuts. Only 25 percent of Social Services County budget is supported by property and sales tax dollars. In addition to the County budget, Social Services administers approximately \$217 million in Federal and State dollars, primarily food stamps, that benefit Catawba County citizens in poverty.

While as of this date no funding reductions are certain, it is possible that between \$500,000 and \$1 million in funding could be eliminated. Part of the reduction is expected to come from the Federal

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government's elimination of Temporary Assistance for Needy Families (TANF) supplemental funding. This funding loss would affect several program areas, including Work First, Child Protective Services and Foster Care. Both Child Protective Services and Foster Care are State and Federal mandated services with recommended staffing levels. Therefore, these reductions would require Social Services to identify cost saving opportunities in other areas. Outside of TANF, a Federal audit of the State revealed ineligible expenses being charged to Federal IV-E funding sources impacting local Social Services Departments statewide. Because of this discovery, it is estimated the department will receive approximately \$200,000 less in Federal funding in the upcoming year.

In 2010, approximately 21.4 percent of all children in Catawba County were considered to be in poverty, and currently over 60 percent of children in the County receive free or reduced lunch. The budget includes a \$15,000 increase to Social Services' Back Pack Program to serve an additional 150 children. This community-supported program provides food to needy children to help ensure the children receive nutrition over the weekend. The increased funding, coupled with key partnerships with organizations such as BB&T and Eastern Catawba Cooperative Christian Ministry, and donations from the community, will serve 1,070 students in 20 elementary schools in the upcoming year.

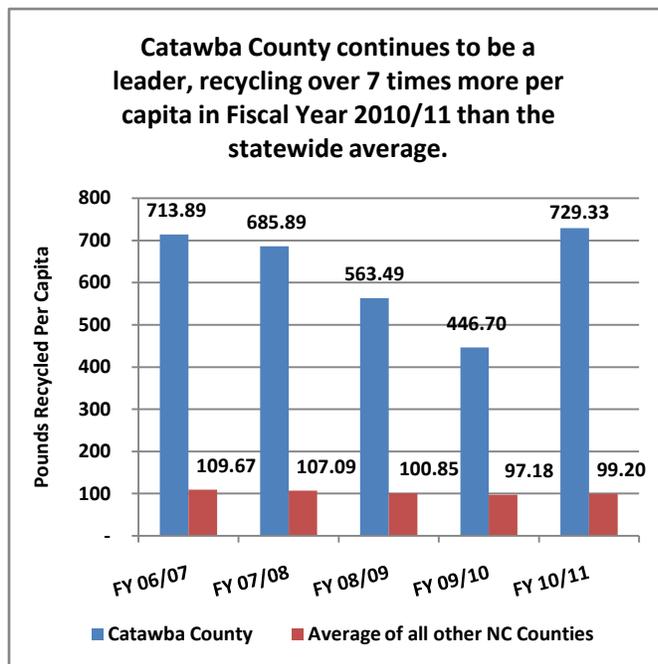
The budget includes a \$15,000 increase to Social Services' Back Pack Program to serve an additional 150 children.

Guardianship Services are provided to individuals who are adjudicated incompetent by the Clerk of Court. In the past, the Local Management Entity (LME) served those with a primary diagnosis of mental illness, while Social Services served as guardian for adults with physical/geriatric ailments. However, as a result of Medicaid changes effective January 2012, local LMEs are no longer appointed as public agent guardians, and mental health wards were transferred from the LME to Social Services during Fiscal Year 2011/12. Effective July 1, 2012, \$120,665 previously contracted through the LME for guardianship service will be budgeted in Social Services. Additionally, the budget completes the transition of funding for Family NET programs directly to Social Services that began in the current year, rather than funding the services through the LME.

Catawba County Social Services currently operates four group homes. Two of these are "Corner Houses" that provide mental health residential services to youth with high level needs. Since 1994, Social Services has received State Juvenile Crime Prevention Council (JCPC) funding to reserve bed space in the Corner House group homes to serve juvenile court involved youth. Originally, the JCPC funding covered 70 percent of the cost to operate the facilities, but in recent years has only covered about 25 percent of the cost. As a result, Social Services will no longer reserve beds for Juvenile Court youth and will instead open this bed space to youth in Social Services custody in Catawba County and surrounding counties, with a goal of increasing the average occupancy. Catawba County Juvenile Court counselors will still be able to purchase beds at full cost, if the homes have available space and the youth is not covered by Medicaid.

Partners Behavioral Healthcare

As State-mandated mental health reform continues, Mental Health Partners, which served Catawba and Burke Counties since July 2008, will merge with Crossroads (serving Iredell, Surry, and Yadkin) and Pathways (serving Cleveland, Gaston, and Lincoln) local management entities (LMEs) to form Partners Behavioral Health Management (Partners BHM). A total of \$650,000 is budgeted for services that benefit Catawba County citizens not otherwise supported by Federal or State funding. The funding is subject to annual review and service needs.



GREEN INITIATIVES

Catawba County is #1 in the State for recycling per capita, recycling over 7 times more per capita in Fiscal Year 2010/11 than the statewide average. While the county consistently ranks in the top 5, this is the first time it has achieved this top spot. During Fiscal Year 2010/11, Catawba County citizens recycled 729.33 pounds per person compared to an average of only 99.2 pounds in the rest of the State.

Through daily practice, Catawba County promotes a culture in the community and among staff to positively impact the environment. Community efforts include:

- Two Household Hazardous Waste events and two Electronics and Paint recycling days are held each year. These events provide an opportunity for citizens to dispose of residential household hazardous waste in an environmentally sound manner. At the November 2011 event, 566 vehicles representing 707 households dropped off 57,086 pounds of electronic and other household hazardous waste.
- The new Catawba County-Appalachian State Biodiesel Research, Development and Production Facility opened at the County's EcoComplex August 15, 2011. The facility uses feedstock crops grown in the State-mandated buffer areas around the landfill to generate biodiesel, which in turn is used in landfill equipment. The biodiesel burns cleaner than diesel fuel and is naturally produced from renewable resources. In addition to the fuel it produces, the facility itself achieved LEED Silver certification, which indicates it meets strict criteria in areas such as energy efficiency and water conservation.
- The Catawba County Board of Commissioners adopted a Voluntary Agricultural District (VAD) program. The program allows Catawba County to adopt farmland preservation ordinances to establish local VADs; where commercial agriculture is encouraged and protected. The VADs provide benefits to farmers willing to restrict non-agricultural development for ten years. Currently, there are approximately 8,000 acres enrolled in the program of a potential 56,315 acres with a goal to increase enrollment by 500 acres in Fiscal Year 2012/13. Catawba, Maiden, Claremont, and Hickory have agreed to participate in the program.
- North Carolina Cooperative Extension Service has several programs involving green education. Examples include conducting workshops on increasing knowledge and

awareness of energy conservation and improving environmental stewardship, and maintaining a Catawba County Green blog on the Catawba County Government website, which provides tips on home and workplace energy conversation.

- Building Services has a Green Construction Permitting Incentive Plan, providing reduced permit fees of 25% or 50%, for building in accordance with LEED, Energy Star, and/or North Carolina Healthy Built Homes standards. The incentive based fee structure is intended to promote and increase renewable/sustainable energy technologies and green building certifications for homes and commercial buildings.
- Keep Catawba County Beautiful (KCCB) promotes education and responsible behavior regarding littering, recycling, proper solid waste management, and beautification through positive individual and community involvement which will enhance the quality of life for all. KCCB is comprised of local business leaders, members of the community and local governments to help educate and promote to the citizens of Catawba County the importance of being environmentally conscious.

Other activities are performed internally. In many cases, “going green” not only helps the environment but saves money in the long run. Below are highlights of some of the internal efforts taking place:

- Snow Creek Elementary is LEED Silver certified and plans are to obtain certification for County Home Middle School, the Animal Shelter, Justice/Public Safety Center, and Sherrills Ford Library. LEED is a third-party certification program and the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. While initial costs are slightly higher to construct LEED certified buildings, the increased building costs are usually recouped within 5-10 years from decreased operating costs and money saved over the life of the structures.
- Existing buildings are being retrofitted with more energy efficient light fixtures, adding motion sensors to lights in public areas, installing water-saving plumbing fixtures, and upgrading HVAC systems.
- All departments are encouraged to purchase environmentally friendly products with a goal of 20 percent of total purchases.
- County departments continue to reduce paper consumption by scanning documents for electronic rather than paper circulation, processing purchase orders, timesheets, expense reports, maintenance orders, vendor payments, benefits, and payroll electronically, and simply reminding employees to think before they print.
- The County’s Hybrid Fleet has grown to 28 vehicles. These vehicles are being used in Social Services, Tax, Building Services, and Maintenance.
- Fleet Maintenance continues to purchase and use B-5 biodiesel fuel.
- Rainwater is captured for use in the County’s outdoor landscaping.

WATER & SEWER

As the County grows, so does the demand for clean drinking water and sewage disposal. To address these needs, 0.5 cent (\$775,000) of the property tax rate and \$1.225 million of the ¼ cent sales tax continue to be dedicated by the Board of Commissioners to fund strategic water and sewer needs in cooperation with municipalities.

Several previously approved projects are currently under design as follows:

- *Highway 150 Sewer:* This project is a part of the Southeastern Catawba County Wastewater Collection System, which will provide a safe and economical means of wastewater disposal and treatment for Sherrills Ford Elementary School, area property owners, the new Sherrills Ford branch library, and future economic development. This project will provide sewer service along the Highway 150 corridor from the Highway 16 interchange all the way to Sherrills Ford Elementary School to connect to the existing South Eastern Catawba County Wastewater northern section, and will be served in cooperation with the City of Hickory. Staff anticipates bidding the Highway 150 portion project within the next few months.
- *Hickory-Catawba Wastewater Treatment Plant Expansion:* This project is being completed in conjunction with the City of Hickory, and will expand and upgrade the City's existing treatment plant. This expansion is needed to improve wastewater treatment capacity in the Southeastern portion of the County, and for the wastewater lines along the Highway 150 corridor to become active. Staff anticipates bidding the project within the next few months.
- *Bunker Hill/Oxford/River Bend Sewer:* This project, in partnership with the City of Conover, will address sewer needs at Bunker Hill High, River Bend Middle, and Oxford Elementary Schools. Construction is currently underway and should take 9 months to complete.
- *Southeastern Catawba County Water Phase III Storage Tank and Booster Station:* This project, in partnership with the City of Hickory, constructs a four million gallon per day water pumping station on North Olivers Cross Road and a one million gallon water storage tank on Anderson Mountain Road. This completes the third and final phase of the Southeastern Catawba County water supply loop, which is designed to provide the 20-year water needs for the southeastern portion of the County. Preliminary design work is complete, and construction should begin in late Summer 2012 and continue for at least 12 months.

Work will begin on one previously approved sewer project, and funding is included for two new projects in Fiscal Year 2012/13 as follows:

- *Highway 16 North Water:* A previously approved project, in partnership with the City of Conover, will extend approximately 3,100 linear feet of water lines along Highway 16 North and provide water service to 15 potential new customers.

- *Ramseur Road Water:* A new project, in partnership with the Town of Maiden, will improve water service to approximately 10 homes by running new water service lines as well as metering each connection.
- *County Complex Water and Sewer:* A new project, in partnership with the City of Newton, will provide increased water supply and enhanced fire protection to the County's Newton Campus through the extension of approximately of 900 linear feet waterline. The project will provide needed water and sewer service for the new Catawba County Animal Shelter.

The following previously funded projects are planned to begin as scheduling allows:

- *Mt. View Elementary Sewer Preliminary Engineering Report:* This preliminary engineering report will assess the need and subsequent plan of action for providing sewer service to Mt. View Elementary in partnership with the City of Hickory.
- *Blackburn Elementary Sewer:* This project, in partnership with the City of Newton, will provide municipal sewer service by extending sewer from an existing line located at the intersection of Highway 10 and Hickory-Lincolnton Highway. It will serve Blackburn Elementary School and other properties along the route.
- *Rocky Ford/Startown Road Water:* This project was initially introduced to the County by the City of Newton to enhance its ability to provide water service to industrial property on Highway 10 West. This project will also enhance the fire flow rates to the County's EcoComplex by looping the existing water line on Rocky Ford Road to the existing water line on Startown Road. Approximately 1/3 of Rocky Ford Road has municipal water service and this project will provide water service to the remaining portion.

SOLID WASTE

Two solid waste changes occur in Fiscal Year 2012/13. Currently, the Landfill offers municipalities in the County tonnage discounts (diversion credits) in the amount of \$25 per ton of waste they bring to the Landfill in exchange for every ton of material they recycle. In recent years, however, the popularity of recycling, the State's ban on more and more materials, and the revenues municipalities can generate from the sale of these materials has reduced the need to incentivize participation. Therefore, beginning July 1, 2012 the credit to municipalities will be reduced to \$12.50 per ton, with the diversion credit program ending the following year. The change is projected to increase revenue within the Solid Waste Fund by \$40,000 for the upcoming fiscal year, with the total additional revenue of \$80,000 once the program ends.

The second change is in the operating hours of two County convenience centers. Analysis of convenience center use revealed the heaviest use times. To operate the centers more efficiently while covering higher demand times, Wednesday hours are eliminated at Blackburn and Sherrills Ford, and the hours of operation are changed to match peak demand at Blackburn on other days. The changes will save approximately \$20,000 annually, since the centers are

operated by Republic Waste through a contract. Below are the current versus new hours of operation:

Blackburn and Sherrills Ford Convenience Center Operating Hours		
Solid Waste Convenience Center	Current Operating Hours	New Hours of Operation
Blackburn	M,Tu,W,Th,F,Sa 8:00 AM until 6:00 PM	M,Tu,Th,F,Sa 10:00 AM until 6:00 PM
Sherrills Ford	W,Th,F,Sa,Su 10:00 AM until 6:00 PM	Th,F,Sa,Su 10:00 AM until 6:00 PM

HUMAN RESOURCES

Positions

The County has made reductions over the past four years impacting roughly 100 positions—9 percent of the workforce—and virtually every department. The Fiscal Year 2012/13 budget eliminates 6 additional positions, as follows:

- 1 Mail Courier
- 1 Planner
- 1 Deputy Register of Deeds (sunset December 31, 2011)
- 1 Accounting Specialist – funded by Home Health revenues
- 1 Public Health Nurse – funded by Smart Start revenues
- 1 Certified Landfill Operations Specialist – funded by Solid Waste revenues

The budget recommends 7 new positions as follows:

- 3 Road Patrol Deputies – Sheriff (2 effective July and 1 effective January)
- 2 EMT Paramedics – Emergency Services (effective October)
- 1 Home Health Nurse – funded by Home Health revenue
- 1 Home Health Marketing Staff (Admin. Asst.) – funded by Home Health revenue

Salary and Benefits

No cost of living allowance is provided. The budget does include limited funds to recognize performance—one percent plus \$400 lump sum added to base for employees, available on employee anniversary dates, and contingent on performance.

Thanks to major plan design changes and premium increases two years ago, health insurance claims and costs have stabilized. The budget maintains premiums paid by the County for all three plans, as well as and those paid by employees for two of the three plans. Employees who choose a plan with enhanced health benefits will pay 10 percent more than current rates. County and individual employee premiums for dental coverage are also maintained, but employees with spouses and dependents on the plan will pay 27 percent more.

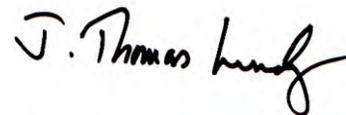
The County continues to promote wellness for health, employee productivity and financial reasons. The Employee Health Connection (EHC), an onsite clinic that is provided through a contract with CVMC, continues to save the County money by providing services at less cost and saving time away from work spent on doctors' visits. EHC conducts initial Workers Compensation reviews including 24 hour recheck evaluations as well as drug screening, physicals, Hepatitis B injections, and Tuberculosis skin tests for hiring and employee retention purposes. In order to identify health conditions at earlier stages when they are more easily treated and less costly, all adults on the County health plan are required to have annual blood screenings and a physical that meets guidelines of the American Medical Association for their age group. In the coming year, EHC will attempt to better meet employee well visit needs, not just sick visits. Employees began completing health risk assessments in Fiscal Year 2011/12. This individualized assessment will provide more accurate data on the health of County employees that can be used to target wellness efforts to the greatest needs, both individually and in the aggregate.

CONCLUSION

According to a recent study released by the Pew Research Center, 61 percent of Americans hold a favorable view of their local governments. This perspective is likely influenced by more responsiveness to citizen concerns at the local level and a consistent focus on efficiency and effectiveness. Catawba County continues to focus on providing citizens with high quality service, while keeping taxes significantly lower than the State average. The budget is strategic, yet very conservative, as it deals with the changing landscape in the economic base as well as community needs. Revenue projections remain conservative because of continued slow economic recovery. At the same time, investments are made in high priority areas of education, public safety, economic development and quality of life, keeping the County poised to attract new businesses and jobs.

This budget message, as well as the complete budget document, may be accessed on the Internet at www.catawbacountync.gov or in any of the public libraries in Catawba County.

Respectfully Submitted,

A handwritten signature in black ink that reads "J. Thomas Lundy". The signature is written in a cursive style with a large, stylized "J" and "L".

J. Thomas Lundy
County Manager