



LONG-TERM FINANCIAL PLANNING

Beginning in 2007, the County began preparing an eight-year Capital Improvement Plan (CIP) to anticipate and plan for future capital expenditures, which is updated on an annual basis. As of July 1, 2013, \$118 million in capital needs have been identified over the next eight years, which includes approximately \$34 million in school and community college construction needs.

To pay for the school and community college projects, the Catawba County Board of Commissioners began another four-year funding cycle in fiscal year 2011-12 by dedicating the equivalent of three cents of the property tax rate, equal to approximately \$4.8 million, along with \$1.5 million in annual lottery funds in addition to pledging the amount of school/community college debt retired each year towards new construction. This provides funding for \$68.9 million in new construction needs over the current four year funding cycle for all three school systems and CVCC. The County completed the first two years of the new funding plan in Fiscal Years 2011/12 and 2012/13 by using those funds for a new elementary school, renovations to three existing schools, and campus improvements at the community college. Funding for a new Vocational Building for the community college is budgeted this fiscal year. The final year of the four-year cycle includes a new Vocational High School and additional campus renovations for the community college.

As the county continues to grow, planning for infrastructure is essential to encouraging orderly economic development, preventing urban sprawl, and accommodating that growth in adequate facilities. In 2007, the NC General Assembly agreed to assume responsibility for Medicaid costs from counties, phasing out those costs over three years and reducing local sales tax revenues to help pay for the change. Furthermore, counties were allowed to implement a new revenue option, either a ¼ cent sales tax or a land transfer tax, approved by local referendum. The new ¼ cent sales tax passed by an overwhelming majority in November 2007 for Catawba County. This revenue source is currently providing approximately \$4.3 million a year in revenue and has been a long-term goal for Catawba County, which has looked for the State to provide relief from the ever-increasing cost of Medicaid and to provide additional revenue options to keep up with growth in the County without relying solely on the property tax. Some of the additional funds are being used for the addition of courtroom space (a county responsibility), a new 911 Communication Center and Emergency Operations Center (EOC). The County is currently in the design development stage of the project and expected to be ready for bid in late 2013.

The remaining sales tax revenues are being set aside for economic development, education, and water and sewer needs in the county. The Board of Commissioners continued a policy of setting aside funds, one cent on the property tax rate or \$1.6 million in Fiscal Year 2013/14, to be used for strategic water and sewer projects throughout the county. Those funds, along with an additional \$1.3 million in sales tax revenues will help fund approximately \$22 million in water and sewer needs identified over the next eight years. In the past, Catawba County has received significant grant funding from the American Recovery and Reinvestment Act (ARRA) for water projects. ARRA funds were also used for school construction in the County in the form of Qualified School Construction Bonds, which provide a 100 percent interest subsidy from the Federal Government to the County. These bonds have been issued for several school projects including a new LEED certified middle school for Newton-Conover Schools and expansion of an elementary, middle and high school for Catawba County Schools totaling

approximately \$27 million. The bonds had a fifteen-year term and were issued at a net 0 percent rate to the County, resulting in interest savings of more than \$9.3 million over the life of the loans.

Another long-term initiative by the County is to improve the educational attainment of the region, which has ranked (as of the most recent census data) last out of 14 metro areas across the State. Catawba County continues to commit almost forty-eight cents of every local dollar towards education, which has funded several efforts over the years such as increasing local teacher supplements, helping to attract and retain the best and brightest teachers in the County and funding much needed technology updates for all three school systems to help foster a positive learning environment for our children.

Those efforts were confirmed by the latest year-end results for the school systems. Catawba County Schools ended the 2011-12 year with an 89.3 percent graduation rate, which was ninth highest out of 115 school districts and first among medium-sized school districts in the State in four-year cohort rates. Hickory Public Schools had 67.8 percent of the senior class take the SAT exam last year, compared to 68 percent across the State; also, they had a combined average SAT score for math and reading of 1014 compared to 997 in the other school districts. Newton-Conover Schools achieved an 81.9 percent rate for students who graduated in four years for the 2011-12 school year, well above the average of 80.4 percent in North Carolina.

Furthermore, the County continues to support higher education initiatives in the region. Catawba Valley Community College, one of the original seven members of the NC System of Community Colleges, receives annual funding from the County to support its three schools: Business, Industry and Technology; Health and Public Services; Academics, Fine Arts and Education. County funding in Fiscal Year 2013-14 should move the County's ranking from 15th to 14th highest out of 58 community colleges in the state. Another education opportunity for its citizens is the Hickory Metro Higher Education Center (HMHEC) opened in 2003 through a partnership with Catawba County, the City of Hickory, Catawba Valley Community College, Lenoir-Rhyne University and Appalachian State University (ASU). Since opening, HMHEC has provided a unique collaborative learning experience to the area that serves the needs for graduate, undergraduate, non-credit certificate courses, research and specialized workforce training. In 2009, the Appalachian State University Greater Hickory Partnership was established between Appalachian State University and the three community colleges in the Hickory-Lenoir-Morganton region. The partnership coordinates delivery of Appalachian's off-campus degree programs in four regional centers: the ASU Center at Hickory and the North Carolina Center for Engineering Technologies (NCCET) in Catawba County, the ASU Center at Burke and the ASU Center at Caldwell. During the 2012-13 academic year, at the Burke and Caldwell centers alone, 869 students were expected to pursue Appalachian degrees.

The ASU Partnership also includes the NC Center for Engineering Technologies, which resides in a 55,000 square foot facility in Hickory and focuses on applied research in engineering-related fields and serves as a conduit to baccalaureate education delivered by University of North Carolina system schools. The primary schools involved in the center are Appalachian State University, Western Carolina University, University of North Carolina – Charlotte, Catawba Valley Community College, Caldwell County Community College and Technical Institute, and Western Piedmont Community College. The

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Center collaborates with other schools in bringing the best programs to the region to meet employment needs. This effort began as a regional economic development initiative and has become reality with public and private contributions of more than \$2.5 million. It is currently offering undergraduate degree programs enabling individuals employed in business, industry and State-related occupations to pursue a four-year degree through part-time evening study.

With the Hickory Metro region having the distinction as the largest metropolitan statistical area in the state without a public university presence, it is hoped that these efforts will help the County remain economically viable by giving its citizens additional higher education opportunities that are desperately needed.