

*Board of Commissioners’  
Fiscal Year 2014/15 Goals*

In partnership with the private sector, support a coordinated effort to create jobs and property tax base by investing in infrastructure, the development of the County’s quality of place and educational opportunities. Specific strategies include:

- Facilitate spec building space in order to enhance the Economic Development Corporation’s (EDC’s) recruitment efforts for jobs and increased tax base.
- Continuously monitor County regulations to ensure they support orderly growth and business development.
- Partner with the private sector and municipalities to focus on a framework to increase small and/or entrepreneurial businesses.
- Partner with the private and public sectors to implement Innovate Catawba.

Increase citizens’ awareness of County programs and services and promote healthy activities throughout the County by strengthening communications and outreach to citizens.

To ensure transportation connectivity of Catawba County to the rest of the region, continue to advocate for completion of the widening of Highway 16.

Support the three school systems and Catawba Valley Community College as they work to increase the educational attainment level in Catawba County.

**May 21, 2014**

Ladies and Gentlemen:

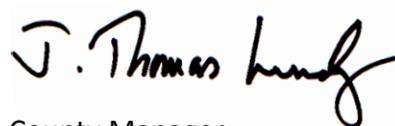
I hereby submit my recommended Catawba County Fiscal Year 2014/15 budget in the amount of \$214,648,319, which maintains the property tax rate of \$0.53 per \$100 of valuation and reflects a 2.1 percent increase in County operations. The budget is balanced and prepared in accordance with the Local Government Budget and Fiscal Control Act.

Catawba County continues to experience signs of economic improvement. Sales tax and building permit revenues are growing, the property tax collection rate is improving, and the unemployment rate is decreasing. However, the County continues on its journey to pre-recession levels in property sales and faces service expansion demands.

The County remains committed to meeting the needs of its citizens by making strategic investments in education, public safety, economic development, and quality of life. At the same time, the County makes targeted reductions, consistent with a philosophy of prudent fiscal management and budgeting conservatively.

I encourage you to explore the budget message to learn more about these investments and how the County will achieve the Board of Commissioners’ goals

The complete budget document may be accessed on the Internet at [www.catawbacountync.gov](http://www.catawbacountync.gov).

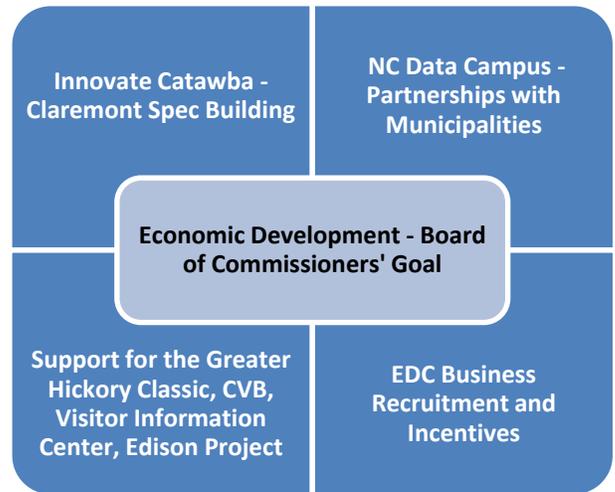


County Manager



**Economic Development**

Catawba County is committed to working with the private sector, municipalities, and the Economic Development Corporation (EDC) to attract new businesses, development and jobs. The budget supports existing business and industry through the delivery of high quality government services with a low and stable property tax rate. Consistent with the Board of Commissioners’ goal, the budget includes funding for Catawba County’s share of a speculative building in cooperation with the City of Claremont, the NC Data Campus, reserves for future economic development, as well as continued investment in the EDC and business incentive agreements that diversify the economy, produce good jobs, and have a solid return on investment.



*Innovate Catawba and the Claremont Spec Building*

Catawba County, the City of Claremont, the EDC’s Committee of 100 and Matthews Construction have combined efforts to construct the first shell building for Innovate Catawba’s Building for Jobs effort. The EDC led the development of the program that will encourage partnership between government and local contractors and developers to construct much-needed buildings, at a cost that will be attractive to clients. Aimed at attracting value-added industry to Catawba County, this program is designed to address the current deficit in the community of move-in ready industrial space.



*Architect rendering of the Claremont Spec Building*

Matthews Construction is building the Claremont Spec Building, a 51,200 square foot pre-cast concrete structure with 28 to 32 foot clear ceiling heights on 9.31 acres owned by members of the Matthews family. The building is scheduled to be completed by July 31, 2014. Final build-out of the facility can be completed to a client’s specifications within 120 days and the building will be

expandable to 128,000 square feet. Catawba County, the City of Claremont, and the EDC’s Committee of 100 will share in the carrying costs on the shell building until sold (up to three years) and market the building both nationally and internationally to prospective clients.

*The NC Data Campus*

The NC Data Campus is a 70-acre multi-jurisdictional business park partnership between Catawba County, the Cities of Conover and Hickory, and the Towns of Maiden and Catawba.



## OUR LOCAL ECONOMY

Funded by a portion of the ¼ cent sales tax revenue, the park will bolster Catawba County's economic development efforts by providing up to three shovel-ready sites marketed primarily for data center recruitment. These efforts will also further bolster the region's efforts to create a cluster of data centers known as the NC Data Center Corridor, leveraging the presence of existing data centers like Apple and Google to transform the region's reputation into one that embraces innovation and high tech industry.

### *Other Support*

Catawba County will continue to support the Chamber of Commerce's Edison Project, which is designed to identify, recognize, help fund, consult with, educate, and reward new startup small businesses in the County. Entrepreneurs with viable business ideas and associated plans submit them for consideration and review by judges and compete with other entrepreneurs for economic incentives and startup assistance.



Support -- both monetary and in-kind -- for the twelfth year of the Greater Hickory Kia Classic, which is available annually for viewing in 120 million homes worldwide and has a local economic impact of \$15 million annually, is included in the Fiscal Year 2014/15 budget.



Catawba County will continue to support the Convention and Visitors Bureau (CVB) and the Chamber of Commerce Visitor Information Center. Both organizations bring money to the local economy through the promotion of conventions, conferences and tourism. CVB marketing efforts this year will include a local BBQ Festival and the annual Lake Norman Folk Arts Festival, both events that contribute to the area's quality of life.

### *Direct Spending*

County spending on services to citizens also benefits the local economy. For Fiscal Year 2013/14, the County spent \$16 million on contracts with the private and non-profit sectors. Contracts and services are reviewed annually to determine what makes sense to provide in-house, what services make sense to contract with the private or non-profit sectors, and what makes sense for the private or non-profit sector to assume. For example, Prenatal Services were contracted out to Catawba Valley Medical Center (CVMC) in Fiscal Year 2012/13, operation of solid waste convenience centers was contracted to Republic Waste and operation of the animal shelter was contracted to the Humane Society in Fiscal Year 2013/14, and the biodiesel facility will be privatized in Fiscal Year 2014/15.

Additionally, during the upcoming fiscal year, County construction of the \$42 million Justice/Public Safety Center and associated parking deck will be underway. The spending associated with this construction project (funded by the voter approved ¼ cent sales tax) will support the creation and preservation of both direct and indirect jobs in the Catawba County community, translating into another way the County is supporting the local economy.

## Investment Highlights - \$271 million / 840 jobs added or announced



**Apple** increased its investment in Catawba County by \$90 million. To date Apple has added \$992 million in real and personal property to the County's tax base, making it the County's largest taxpayer.

**GKN Driveline**, a manufacturer of automotive driveline components, announced plans for \$122 million in new investment and 228 jobs.



**Strata Solar** has invested over \$30 million in two solar farms in Catawba County, each projected to produce enough electricity to power 750 homes using renewable green energy.

**Convergys**, a leader in customer management for over 30 years, announced the addition of 100 jobs to its existing employment base. When the company located in Hickory in 2008, they planned to create 448 jobs. They have exceeded that plan and now employ 750 in their Hickory location.



**R&D Plastics**, an extruded plastics manufacturer making foam materials for the furniture, hot water heater, packaging and fiber optic industries, announced plans to invest \$1.2 million, double their production space, and add 16 employees.

**Hickory Springs Manufacturing** rebranded itself as **HSM Solutions** and transitioned from being a foam, metal, wire, converting, and fiber manufacturer to a supplier of integrated solutions for items such as bus seats and mattresses. The company announced plans to invest \$3 million and create 162 jobs in Hickory and Conover.



**CR Laine Furniture** expanded its facility by 42,000 square feet investing \$2.7 million, which added manufacturing space, created a new shipping warehouse and allowed for the addition of 50 new jobs. This was the 7<sup>th</sup> expansion for CR Laine since it was founded in 1958.

**United Franchise Group**, headquartered in West Palm Beach, Florida opened an internal sales office and distribution center in Newton, investing \$750,000 and creating 47 jobs.



**Interstate Foam and Supply** announced plans to build a new 78,480 square foot facility in Conover, investing \$4.7 million and creating 50 new jobs.

**Vanguard Furniture** added \$500,000 in new equipment allowing the company to add 15 new employees.



**Transportation Insight**, a Hickory logistics company, plans to spend up to \$8 million to restore a downtown hosiery mill into a new home for its headquarters and to add 50 new jobs.



# OUR LOCAL ECONOMY

*Catawba County is seeing positive economic signs while continuing to face some challenges.*



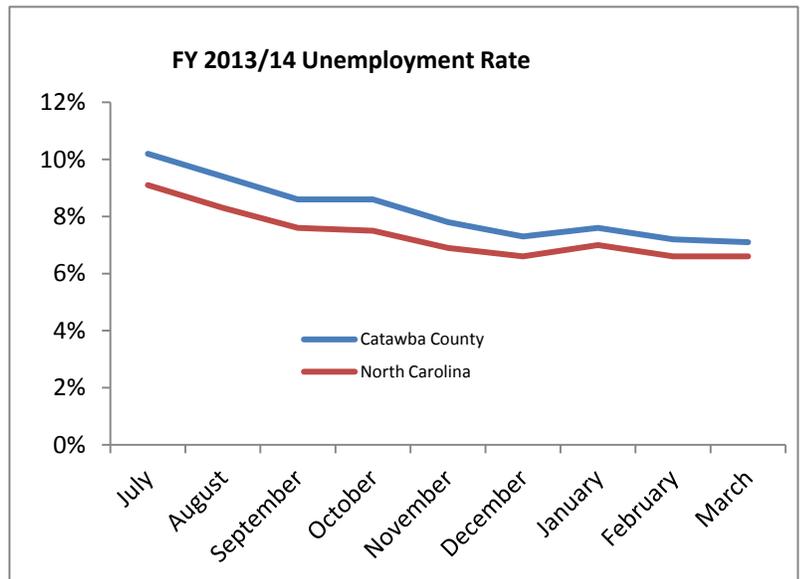
- Increasing taxable sales and sales tax collections
- Increasing building permits
- Increasing property tax collections
- Hickory MSA has the 5<sup>th</sup> highest total exports and 5<sup>th</sup> highest export growth in the State
- Decreasing unemployment rate
- Workforce diversification



- Deficit in move-in ready industrial space
- Relatively flat real property growth
- Lower property sales
- Aging population

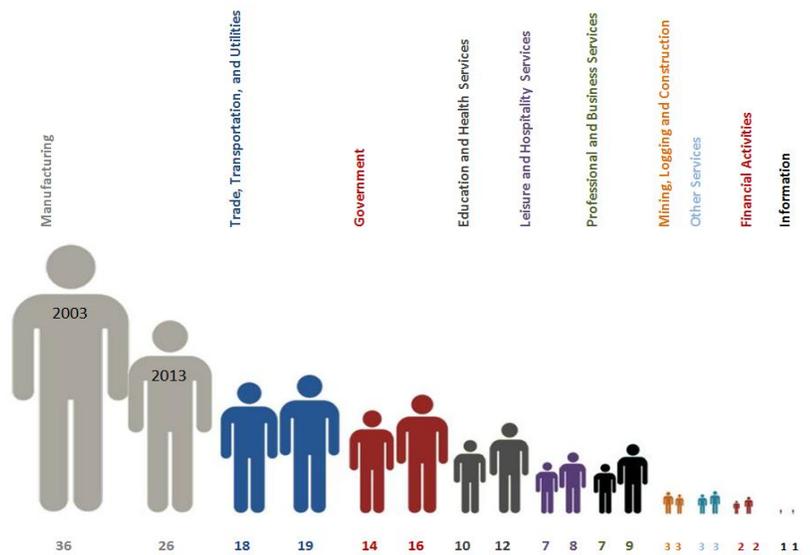
## *March 2014 Unemployment is the lowest since 2008*

Catawba County's unemployment rate continues to drop, reaching its lowest level since 2008 (7.1 percent) in March 2014. While still higher than the State and above pre-recession levels, the County's unemployment rate has decreased 3.2 percent in the last year. It appears that part of the reason for the improvement is a decline in the labor force possibly associated with retirements. The number of Catawba County residents ages 65 and older grew by 16 percent between 2008 and now, while the work age population (ages 15 to 64) declined by 2.9 percent. Even with the labor force decline, the decreasing unemployment rate is a very good sign for the economy.



## *Employment Sectors are More Diverse*

A ten-year comparison of the County's employment by sector reflects positive diversification of the employment base. The workforce is now spread across more sectors, which is important because it makes the economy less vulnerable to economic changes. The percentage of the workforce in professional and business services, education and health services, government, transportation, and leisure and hospitality have all increased in the past 10 years. Only manufacturing has a smaller percentage of the workforce in 2013 than in 2003.



*Percentage of the workforce in each sector*

## OUR LOCAL ECONOMY

### Catawba County Ranks 10<sup>th</sup> in Statewide Taxable Sales

Catawba County continues to be a regional hub for retail sales. While it ranks 17<sup>th</sup> in population, the County ranks 10<sup>th</sup> in statewide taxable sales. December sales are typically the highest month of the year. Catawba County's December 2013 taxable sales exceeded December 2012 by 9.5 percent.

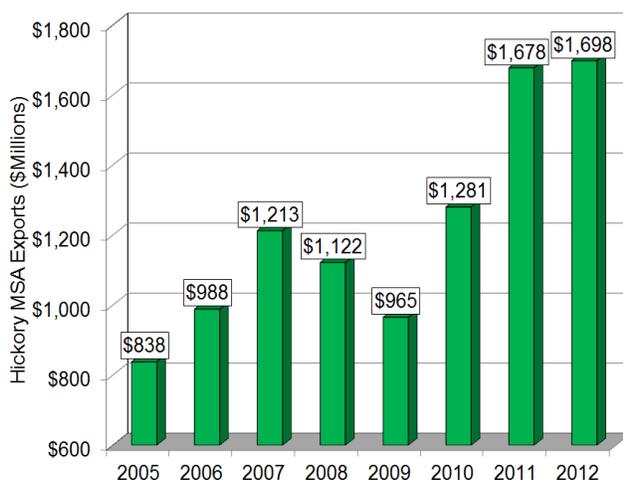
County	December 2012	December 2013	% Change
Mecklenburg	1,543,905,909	1,691,967,266	9.6%
Wake	1,164,951,906	1,241,173,875	6.5%
Guilford	541,844,864	587,829,552	8.5%
Durham	465,084,036	556,471,147	19.6%
Forsyth	417,619,104	435,985,600	4.4%
Buncombe	355,856,313	386,978,638	8.7%
Cumberland	350,329,769	363,955,603	3.9%
New Hanover	300,428,927	320,755,501	6.8%
Cabarrus	258,590,218	281,660,249	8.9%
Catawba	181,269,858	198,475,931	9.5%

NC Dept. of Revenue, Dec. 2012 compared to 2013 Sales

### Hickory Metropolitan Statistical Area (MSA) Exports 5<sup>th</sup> Highest in the State & 5<sup>th</sup> Highest Gain

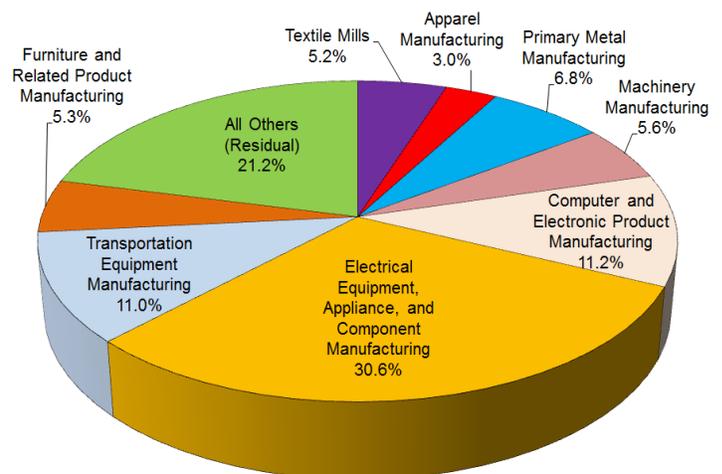
Despite the losses in manufacturing jobs since 2008, about 27 percent of employment in the Hickory MSA (made up of Catawba, Burke, Alexander, and Caldwell Counties) continues to be in manufacturing. In fact the region has the 5<sup>th</sup> highest number of exports in the State and, in a very positive sign for the local economy, the region experienced the 5<sup>th</sup> highest gain in exports between 2005 and 2012.

Hickory MSA Exports (\$Millions), 2005-2012



Source: International Trade Administration, 2014.

Percentage of Hickory Exports by Industry, 2012



Source: International Trade Administration, 2014.

## REVENUE

### Property Tax

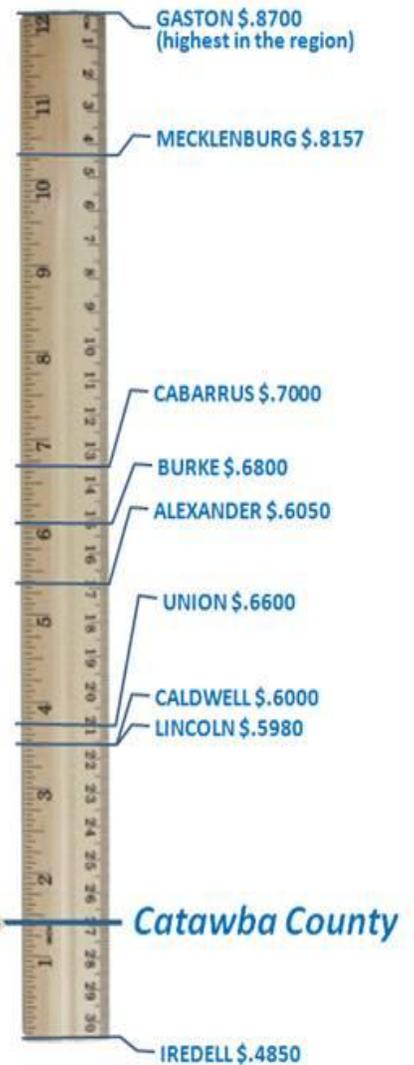
The projected tax base for Fiscal Year 2014/15, which includes real and personal property and motor vehicles, is \$16.3 billion, yielding over \$85.6 million in revenue. The budget maintains the property tax rate of \$0.53 per \$100 of valuation, **marking the seventh year in a row without a countywide property tax increase.** Catawba County has the 5<sup>th</sup> lowest tax rate of the 27 urban counties -- those with a population over 100,000 -- and the 2<sup>nd</sup> lowest among Catawba's neighboring counties. With this low tax rate, Catawba County citizens paid 16 percent less property tax per capita than citizens in other urban counties, and 13 percent less than the statewide average.

Ad valorem property tax revenue increased \$1.3 million due to an improved property tax collection rate and growth in the tax base. Concerted effort by the Tax Office to increase collections is having a positive impact as the ad valorem collection rate continues to trend ahead of this time last year. The budget plans conservatively for a .2 percent collection rate increase, yielding \$150,000.

Primary property tax growth is in business personal property and public utilities thanks to new investments by Apple and Duke Energy. While real property values increased, new construction growth continues to be below pre-recession levels. At the same time, the County has experienced deconstruction of existing properties and increased property tax exemptions, which have further eroded the base.

County-wide real property revaluation, which will set the County's commercial and residential property values for the next four years, is scheduled to be complete by January 2015. The State Treasurer's Office annually conducts random sampling of property sales within Catawba County, and over the course of 2013 the sampling shows that assessed values are slightly higher than market or sales values. Staff continues to keep a close eye on sales as the revaluation process progresses.

In 2013, Catawba County citizens paid 16 percent less property tax per capita than citizens in other urban counties and 13 percent less than the statewide average.



The budget projects a \$100,000 or 2 percent decrease in motor vehicle property tax revenue due to the State's new method of motor vehicle property tax collection which began in September 2013. The State's new Tag and Tax Together program, the result of legislation passed in 2005, shifted responsibility for motor vehicle tax billing and collections from the County to the State at the time of tag renewal. As a result, the first four months of Tag and Tax Together overlapped with the old

arrears system, creating a situation where the County received 16 months' worth of collections over a 12 month period. Therefore, the Fiscal Year 2013/14 budget included approximately \$1.7 million in one-time motor vehicle revenue, dedicated to capital and equipment needs that have been removed from the Fiscal Year 2014/15 budget.

Unfortunately, to date the state has collected less revenue than expected. Additionally, the State temporarily increased the cost of collection charged to counties by **34 percent** after local budgets were adopted last year, and the legislature may now make this change permanent.

### *Sales Tax*

Catawba County receives 2¼ 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/Public Safety Center expansion, public school operations, economic development, and water and sewer infrastructure.

The North Carolina Association of County Commissioners (NCACC) is advising counties to anticipate 3 to 4 percent additional sales tax growth in Fiscal Year 2014/15. Catawba County is budgeting 3 percent growth next year.

### *Tax Reform*

The North Carolina General Assembly made significant changes to the State tax code. One change that should benefit local governments is the extension of sales tax to service warranties, amusements, and movies. Sales tax holidays are eliminated and some private refund and exemption policies are restructured. The tax

code changes are being phased in over several years beginning in January 2014, with the full impact being realized in Fiscal Year 2017/18. At best, the County is projected to gain \$500,000 annually when the law is fully implemented, four years from now. Unfortunately, there are issues with service definitions that need to be addressed that make projecting revenue growth questionable at best until the General Assembly takes action. Accordingly, the NCACC has advised caution in planning for any new revenue resulting from these changes and the County is heeding this advice; therefore, little financial benefit is projected next year.

Catawba County encourages the General Assembly to give counties increased authority to adopt local option sales taxes. In Catawba County, 1-cent sales tax generates roughly \$13 million in revenue, while 1-cent on the property tax generates \$1.6 million.

In addition to generating significantly higher revenues, sales tax is broadly applicable and captures revenue from visitors to Catawba County and people who are passing through the community on their way to other places. Property tax, on the other hand, concentrates

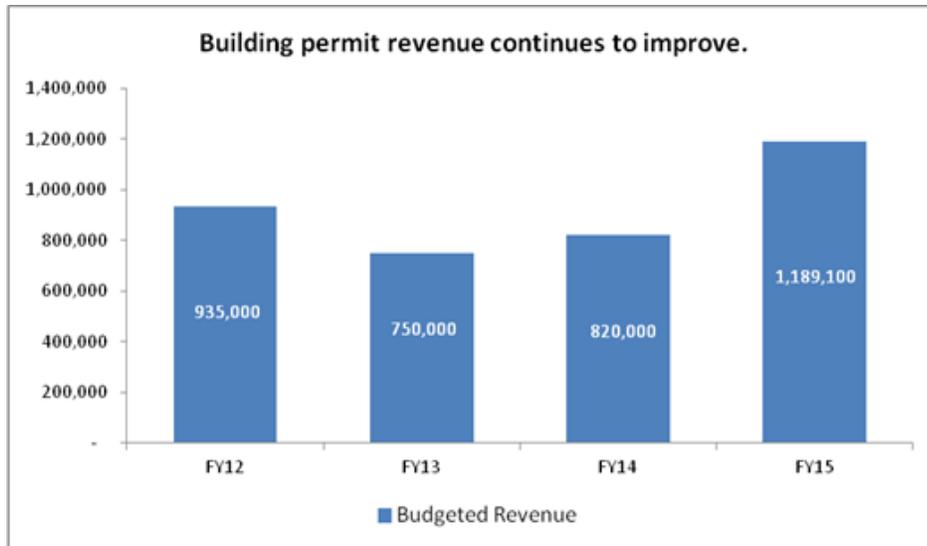
the burden for funding local services solely on property owners, while the benefits are not limited to those same citizens. Based on this rationale, a system where local governments had the option to raise additional revenues through sales tax would be viewed as an improvement from the status quo, allowing Catawba County to reduce the property tax paid by citizens and diversify local revenue sources.





## Building Services Revenue Increase

Budgeted building permit revenue is increased, reflecting current year actual collections which are 6.4 percent higher than the same time period in the prior year. This is a good sign that building activity is increasing in the community and, therefore, the budget projects a \$370,000 increase in this revenue.



## Fees

Some fees are set by the State or Federal government and other fees are set by the Board of Commissioners. Annually, the County reviews local fees to ensure consistency with the fee philosophy established by the Board of Commissioners, which is specific to each service provided. In some cases, fees are designed to recover 100 percent of the cost to provide the service, such as landfill user fees. Other fees seek to influence behavior, such as library overdue fees to encourage timely return of materials, 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 Fiscal Year 2014/15 budget include:

- Sheriff – The budget increases an existing fee for inmate prescription drug co-payment from \$5 to \$10 as allowed by NC General Statutes. Additionally, a \$75 per hour (or portion of an hour) fee is implemented to transport involuntary commitments for other counties. NC General Statutes place responsibility on the county of residence of persons involuntarily committed. This fee, charged to the county of residence, is intended to discourage them from bringing involuntary commitments to facilities in Catawba County and then refusing to transport them back to their home counties.
- Solid Waste – The budget increases the fee for scrap tire disposal from \$78 per ton to \$80 per ton, based on the current contracted price for scrap tire hauling and recycling/disposal.
- Public Health – The budget completes a three year phased fee increase for Rabies Titer test to gradually bring the fee closer to the projected actual cost. The fee will increase from \$85 to \$93.

## EXPENSE HIGHLIGHTS

The Fiscal Year 2014/15 budget decreases 5.1 percent to \$214,648,319. County operations—the year-to-year cost to run the County—increase 2.1 percent driven by investments in education, public safety, economic development, and infrastructure. The dollar below represents how each local property and sales tax dollar is spent.



- **Education** (in support of BOC goal) continues to represent the largest portion of the local budget, with 47.6 cents of every property and sales tax dollar allocated for instructional costs and capital needs of the three public school systems and CVCC.
- **Public Safety** is the second largest recipient of local funds with 23.3 cents of every local dollar, composed of Sheriff's Office, Emergency Services, E-911 Communication Center, Fire Protection Service Districts, Rescue Squads, Public Safety related capital projects, and Other Public Safety activities (Lake Norman Marine Commission, Pretrial Services, Justice System Improvement, and Conflict Resolution Center).
- **Economic and Physical Development** (in support of BOC goal) funding represents proactive economic recovery efforts and composes 10 cents of every local dollar. Outside agency funding goes to EDC, Chamber of Commerce, Convention and Visitors Bureau, economic incentives, and funding for County services in Utilities and Engineering, Planning and Parks, Technology, and Facilities.
- **Human Services** receives 10.2 cents local funding for Social Services, Public Health, and community mental health service support.
- **Water & Sewer** local construction funding for construction represents 1.7 cents.
- **Libraries and Culture**, composed of County Library system, Patrick Beaver, Historical Museum, United Arts Council, SALT Block, and Newton-Conover Auditorium, receives 2.1 cents.
- **General Government - Public Services** includes Register of Deeds, Board of Elections, and Tax Administration and composes 2.2 cents.
- **General Government - Administration** includes Board of Commissioners, County Manager, Human Resources and Finance and composes 1.0 cent.
- **Self Insurance** represents 1.5 cents including costs for unemployment, workers compensation, property and liability coverage, wellness, and health and dental insurance.
- **Environmental Quality** composes 0.4 cents for Cooperative Extension Services, Forestry, and Soil & Water, all funded in partnership with the State of North Carolina.

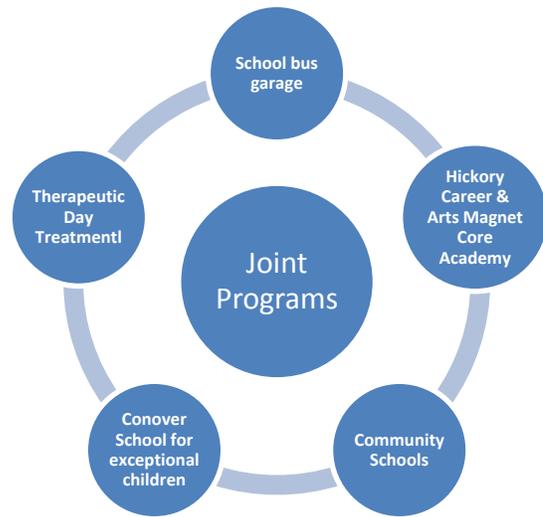
# EDUCATION

## Current Expense

### Public Schools

Funding the cost of public school operations is clearly the responsibility of the State, while capital and construction is the responsibility of counties. Historically, the General Assembly has not adequately funded public school operations. One of the Board of Commissioners' Fiscal Year 2014/15 goals is to *"Support the three school systems and Catawba Valley Community College as they work to increase the educational attainment level in Catawba County."* Therefore, the budget allocates \$36 million for operating expenses including local teaching positions, teacher salary supplements (some of which is performance based) to attract and retain quality teachers, utilities, and technology needs. Local funds also provide support for programs that promote collaboration among the separate school systems.

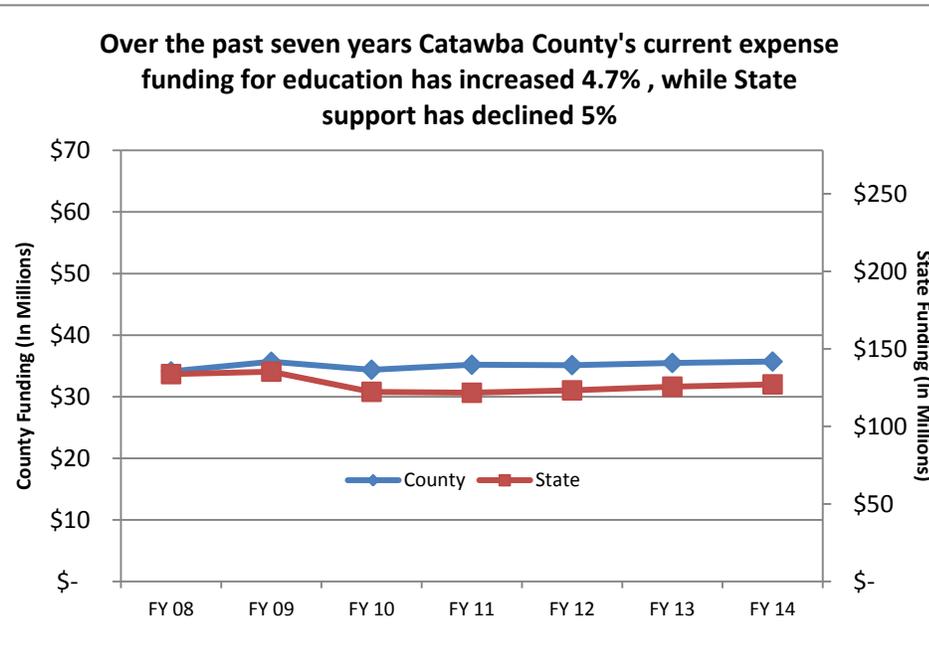
**\$52 Per Pupil or \$12.7 million is allocated for Joint Programs**



The State has certified enrollment numbers of 24,425 students for next year, a net decrease of 17 students across all 3

Schools State Certified Enrollment	Catawba	Hickory	Newton	Total ADM
FY 2014/15	16,969	4286	3,170	24,425
FY 2013/14	17,066	4379	2,997	24,442
<b>Increase/Decrease</b>	<b>(97)</b>	<b>(93)</b>	<b>173</b>	<b>(17)</b>

systems. State certified student enrollment numbers decrease by 97 for Catawba County Schools and 93 for Hickory Public Schools, and increase by 173 for Newton-Conover City Schools. For Fiscal Year 2014/15, per pupil funding is increased an additional 1 percent from \$1,461 to \$1,475, resulting in a total operating increase of \$317,113. Barring any major changes by other counties, the new funding should maintain the County's ranking of 16th highest in total current expense funding in the state.



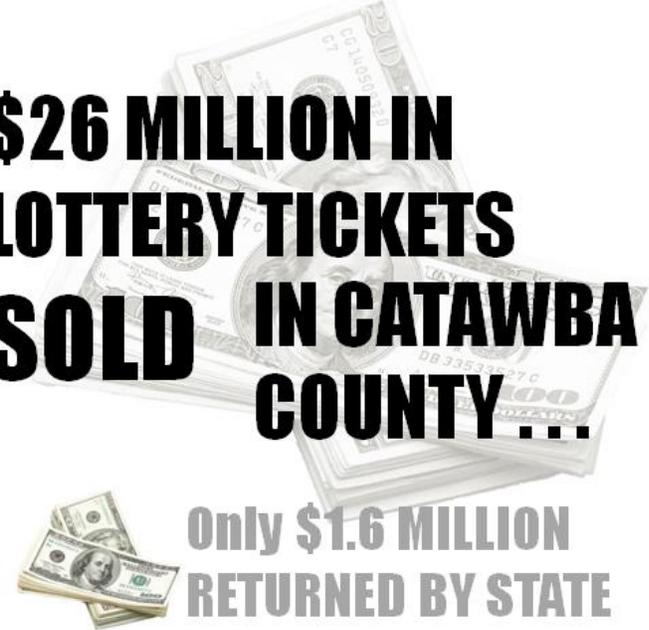
should maintain the County's ranking of 16th highest in total current expense funding in the state.

Despite the economic difficulties experienced during the recession, the coming year's funding increase means Catawba County's annual current expense contribution has grown \$1.9 million compared to its pre-recession (Fiscal Year 2007/08) funding level. Comparatively, the

state decreased funding \$6.6 million or 5 percent between 2008 and 2014.

### Lottery

While roughly \$26 million in lottery tickets are sold annually in Catawba County, only \$1.68 million is projected to be returned to the County to help address school construction needs in the coming year. The State's Fiscal Year 2013/14 budget eliminated the statutory allocation of 40 percent of net lottery proceeds dedicated to school construction and capped the statewide allocation to counties at \$100 million instead of the \$200 million due. This action effectively cuts the county's lottery allocation in half, costing \$1.68 million annually. Seventy counties including Catawba have dedicated lottery proceeds to meeting debt service obligations. Without the statutory designation, counties fear the State will further reduce this vital revenue source, forcing counties to choose between reducing services or raising property taxes. In Catawba County's case, it would take a 1 cent property tax increase to replace lottery funds.



**\$26 MILLION IN  
LOTTERY TICKETS  
SOLD IN CATAWBA  
COUNTY ...**

**Only \$1.6 MILLION  
RETURNED BY STATE**

### Schools Construction and Debt

Local dollars finance building and equipment needs of the three school systems. Debt payments of over \$15.5 million (including \$1.6 million lottery funds) are budgeted for projects such as: Catawba County Schools' Snow Creek Elementary School, Hickory Public Schools' Hickory High School renovations and Longview Elementary School, and Newton-Conover City Schools' County Home Middle School and South Newton Elementary School. As debt is retired, the dollars committed to school debt are reserved for future school building projects to ensure long-term financial stability.

The budget includes \$3,733,000 in new capital projects for the public schools as follows:

#### Catawba County Schools

**Bunker Hill High School Renovations \$405,000** – Funds are included for four projects at Bunker Hill High School: adding ramps to allow wheel chair access to the exceptional children's area; replacing aged water pipes that are degrading; beginning to replace windows that are original to the school and aren't energy efficient, and addition of a student career planning center.

**Boiler/Burner Replacements \$135,000** – Funds will be used to install back-up heating systems and to convert an inefficient oil burner to a gas system at Mill Creek Middle.

## EDUCATION

**Maiden Elementary Fencing \$40,000** – Due to the school’s design, students must go outside to go between certain sections of the school which poses a security risk.

**Re-paving \$456,000** – Funds are included for re-paving at Fred T. Foard High School, Claremont Elementary School, and Mountain View Elementary School. Parking lots and driveways at these schools have potholes, cracks and crumbling pavement and are in need of resurfacing.

**System-Wide Re-roofing \$273,000** – The budget includes funds for roofing projects at Oxford, Banoak, and Blackburn Elementary Schools and Fred T. Foard High School. All have been patched previously and are in need of replacement.

**Aerial Lift (50’ plus reach) \$35,000** - The school system needs a lift to perform maintenance such as replacing outdoor lighting.

**Maintenance Vehicle \$32,000** – The school system had a maintenance vehicle stolen in July that was totaled. Funds will be used to purchase a high cube van.

**Replace Gym Floors at Claremont and Oxford Elementary Schools (\$85,000 each) and Bandys High School (\$125,000)** – Funds will be used to replace carpet that is in poor shape and can’t be cleaned further with wood flooring at the elementary schools. Bandys High School gym floor is down to its last finishing.

**Activity Bus \$87,000** – Funds are included to replace one high mileage activity bus with a new bus with wheel chair accessible lifts.

### *Hickory Public Schools*

**Hickory Career & Arts Magnet (HCAM) Renovations \$235,000** – The budget includes funds for two projects at HCAM: relocation and setup of mobile classroom units currently being used at Longview Elementary School and the addition of a new parking lot.

**Systemwide Rekeying \$135,000** – This is the second and final phase of a project began in Fiscal Year 2013/14 to rekey all doors with a standardized master key system. The final phase will cover Hickory High School which has 3 buildings with old knob style doors that must be replaced with ADA compliant lever door handles.

**Renovations to Existing Longview Elementary School – \$100,000** – The school system plans to repurpose the former Longview Elementary School for a maintenance facility. Funds are requested to perform needed renovations for this purpose including some electrical work and construction of a secured lot for equipment storage.

**Replace Southwest Elementary School HVAC Units \$270,000** – The budget sets aside half of the projected cost to replace the school's HVAC units which are original to the school (roughly 45 years old) and at end of life. This project is planned for summer 2015.

**Activity Bus \$85,000** – Funds are included to replace one high mileage activity bus.

## EDUCATION

### Newton-Conover City Schools

**Shuford Elementary School Roofing \$750,000** – The roof is 25 plus years old and made to last 20 years. The expense is driven by pulling off two roofs then putting on a new roof.

**Thornton Campus Renovations \$300,000** – Funds are included to convert the old Thornton Elementary School to house Discovery High School. This cost includes changing bathrooms from elementary to adult size, adding a new science lab, handicapped accessible bathrooms, and other small changes to make it usable as a high school.

**Gas Packs at North Newton Elementary School \$100,000** – Funds are allocated to replace 20 plus year old gas packs for heating at the school.

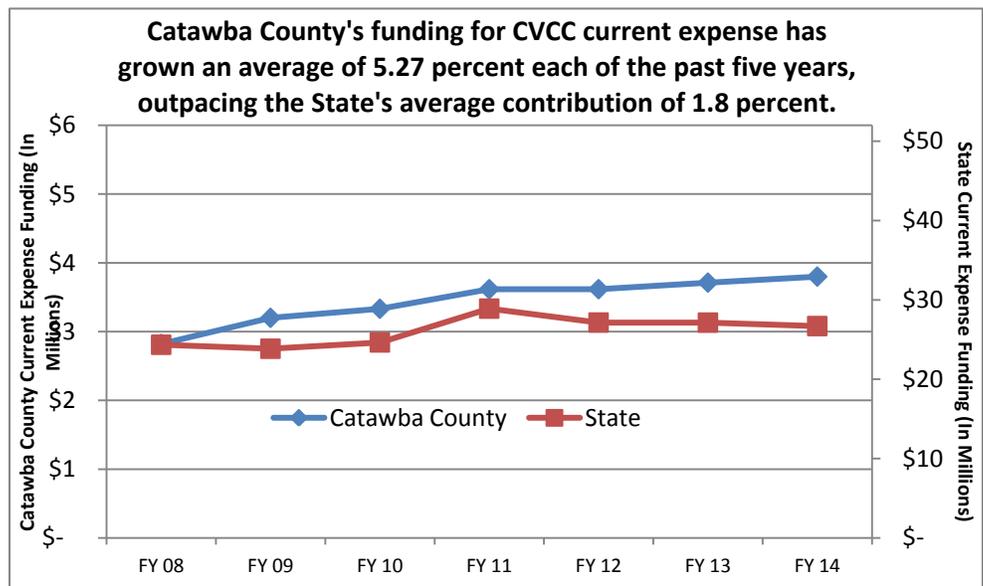
The capital outlay budget also includes \$52 per pupil for each system, a total allocation of \$1,270,100, for small capital and repair needs with a per item cost of less than \$12,500. The individual school systems decide how these funds will be spent throughout the year. Hickory Public Schools will continue to dedicate \$50,000 of per pupil funding to repay debt for work completed in Fiscal Year 2008/09 at the Hickory High School/American Legion Building for the athletics portion of the building. Several capital projects were requested in the coming year that fall under the per capita agreement and it is recommended that the school systems use these funds to address needs as follows:

- Catawba County Schools – System-wide panic alarm systems, St. Stephens High School phone system, and system-wide painting
- Hickory Public Schools – Outside speaker installation
- Newton Conover City Schools – Panic alarm and additional cameras

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 to keep capital projects on schedule and within budget, ensure compliance with building code requirements, process change orders, work with the schools to ensure that the projects are built to specifications, and develop annual capital and 8-year construction plan requests. While these positions have been very beneficial, as construction winds down on existing projects and minimal new construction is planned in the coming years, future funding of these positions will need to be evaluated.

### CVCC

Funding for CVCC will increase an additional 1 percent to \$3,838,000, in recognition of the role the college plays in the County's ability to meet the higher education and job training needs of the community. This funding would likely maintain the County's 16<sup>th</sup> ranking in community college



funding out of 58 North Carolina community colleges, barring any major changes in funding for other community colleges.

CVCC's enrollment reached an annual peak of 5,350 in 2010 as displaced workers sought retraining, and youth transitioning from high school to higher education found the community college an appealing option. Enrollment has begun to stabilize returning closer to pre-recession numbers at 4,775 students. Like public education, the State is responsible for funding community college operations, while counties are responsible for maintenance, capital, buildings, and general facility operations. The state has not fully funded enrollment and has required annual reversions over the past seven years totaling \$11.3 million. During this same time period the County has increased or maintained funding annually for this important service.

### CVCC Construction and Debt

The budget includes \$2 million for paving on CVCC's campuses. Debt payments of \$1.3 million are budgeted for projects including renovations to the Student Services Center; Advising, Testing, and Business & Industry Centers; Simulated Hospital; and CVCC's East Campus/Art Center. Discussion is underway about adding high school classroom space for vocational programming to CVCC's Workforce Solutions Complex. This project could support the alignment of education with local workforce needs to build a viable pipeline of trained employees for local business.

The budget includes \$600,000 for the following annual capital projects:

**Chiller Unit \$255,000** – Funds are included to replace the chiller that services the Administrative Building. The unit is about 15 years old, and was originally purchased as a refurbished unit from Fayetteville State University.

**Gas Packs Phase I \$225,000** – The budget funds the first of two phases to replace multiple heating units at East Campus. The majority of the units are 15 years old.

**ADA Improvements \$50,000** –These funds continue the process started in Fiscal Year 2013/14 to make various upgrades to sidewalks, restrooms, parking lots, and other areas to improve accessibility.

**Maintenance Van \$20,000** – Funds are recommended to replace a maintenance van that is experiencing serious mechanical problems and increasing repair costs.

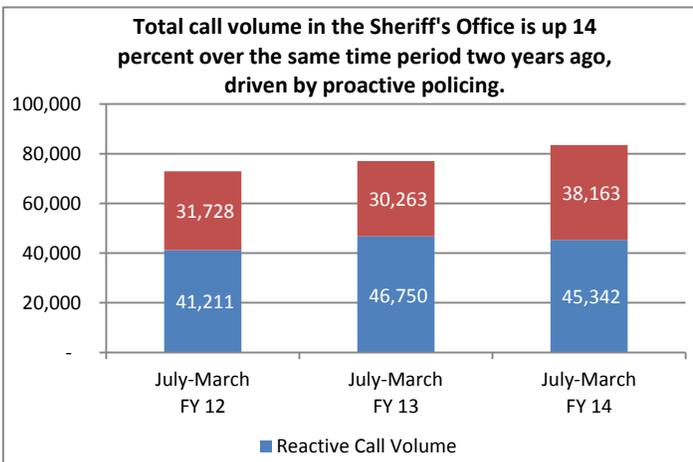
**General Renovations \$50,000** – Repairs needed for ongoing maintenance.



**Sheriff’s Office**

In Fiscal Year 2011/12, the County began adding sworn road patrol staffing to the Sheriff’s Office to address officer safety concerns and increased call volume, improve response capabilities, and allow the department to increase the amount of time it spends on proactive policing like church checks and senior checks. The ultimate goal was to reach two officers per County zone 24/7, which would allow officers to have backup nearby if needed. At the time, the County was 12 officers short of this two per zone goal.

The Fiscal Year 2014/15 budget funds two new Road Patrol deputies and, in doing so, reaches the two officers per zone goal two years ahead of schedule. This level of staffing not only improves officer safety and response times, but will also allow the Sheriff’s Office to continue its focus on community outreach and proactive policing. In addition to reaching this multi-year goal, these new officers will help address increasing call volume. Total call volume in the Sheriff’s Office increased by 14 percent over the past three years, driven by an increase in the number of proactive policing calls like church checks, senior checks, and check premises.



To ensure the Sheriff’s Office maintains a reliable fleet, the budget additionally includes funding to replace 15 front-line vehicles.

*Capital Requests*

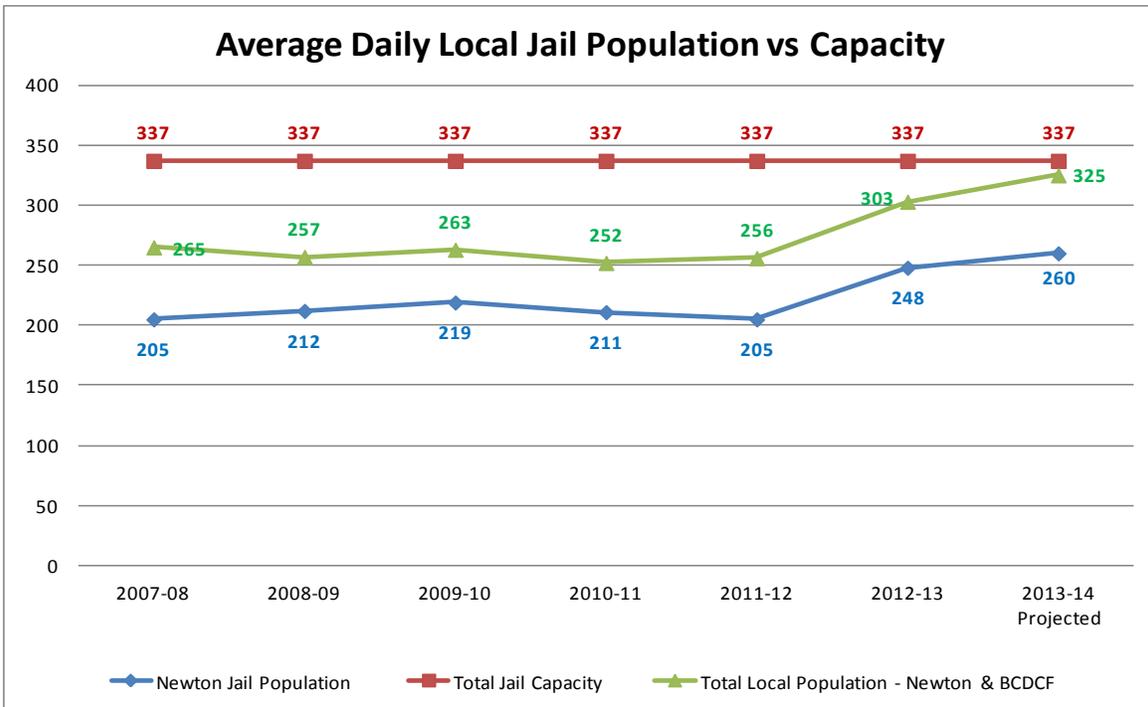
The budget includes several capital expenses related to the Sheriff’s Office, detailed below:

- *Female Bed Space Addition (\$50,000)* – The Newton Detention Facility currently has 32 beds for female inmates; however, the facility has approximately 40 to 45 females on average incarcerated. This project will add 16 female beds funded by federal bed rental revenue.
- *Renovations to the Old Sherrills Ford Library (\$65,000)* – To meet service demands in the area, the County will convert the former Sherrills Ford Library into a satellite station for Sheriff’s Deputies. This space will be shared with Social Services.
- *Jail Door/Gear Replacement (\$50,000)* – 30-year old door gear/slider mechanisms in the old section of the Jail will be repaired as they break, keeping the bed space in this section usable.

**Jail**

The County’s ownership of half of the Burke-Catawba District Confinement Facility (BCDCF) continues to pay dividends by enabling Catawba County to relieve pressure on bed needs at the Newton jail. A surge in inmate population beginning mid 2012 (18.4 percent increase in Fiscal Year 2012/13 with an additional 7.3 percent projected by the end of Fiscal Year 2013/14) led to the decision to no longer house federal prisoners at the BCDCF, effective December 2013, in order to maximize the bed space available to both counties. A federal transport deputy is eliminated from the budget as a result.

Catawba County will continue renting a limited number of beds to the federal government at the Newton jail, banking the proceeds to help fund future jail expansion and reduce future costs to taxpayers. To date, \$2.38 million has been set aside, with an additional \$299,322



planned in Fiscal Year 2014/15. Catawba County’s next jail expansion will provide 256 additional beds and was originally planned for Fiscal Year 2019/20. Given the recent population surge and Burke County’s indication it may build additional jail space and eventually vacate the BCDCF, this timetable may need to be accelerated.

To help address this increase in average daily population, the budget converts \$55,000 in part-time wages and adds \$30,000 in new funding to create two detention officer positions. These positions will focus on booking and releases during the busy M-F 11 a.m. – 8 p.m. time when 75 percent of inmate movement occurs.

#### *Jail Diversion Efforts*

On average, it costs Catawba County \$75/day to house one inmate. To save money and prolong the life of the existing facilities, the budget funds jail diversion efforts with an anticipated return on investment of \$14 savings for every \$1 spent. Without the following services from Repay, a jail expansion would have already been necessary:

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*Jail diversion efforts return \$14 for every \$1 spent.*

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- Pretrial Services interviews and helps release non-violent inmates, either through disposition of cases or bond modifications. These efforts decreased the average daily jail population by 19 inmates avoiding \$525,375 in jail costs per year.
- 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, reducing the average daily jail population by 54 inmates, avoiding \$1.47 million in jail costs per year.

Additionally, the Sheriff’s Office has the capacity to place up to 10 defendants per day on electronic house arrest (EHA) instead of being confined to jail.

EHA would be particularly useful in diverting individuals charged with failure to pay child support. So far, judges have been reluctant to place inmates on house arrest.

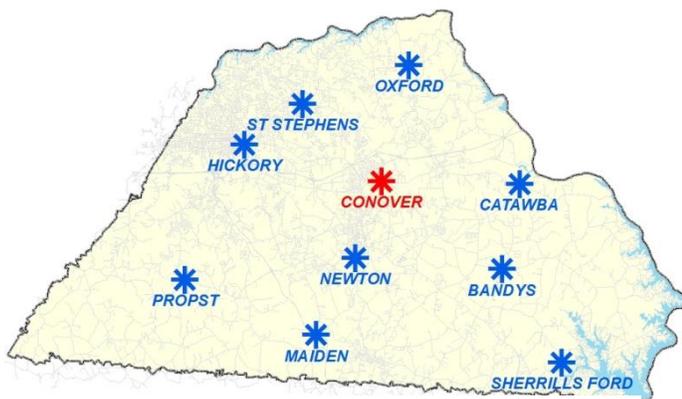


### Emergency Medical Services

Funding for Emergency Medical Services is increased to expand the existing Conover EMS crew from 40 hours to 84 hours a week, allowing this EMS base to operate 12 hours per day, 7 days per week rather than the current 8 hours a day, 5 days per week. *The Board of Commissioners' goal is an 8-minute or less average response time to emergency calls.* Countywide, the average emergency response time is projected at 7:54 for the current fiscal year-end, the highest since Fiscal Year 2001. This is driven by increasing call volume, which has grown by 14 percent over the past 5 years.

Due to Conover base's central location, it responds to calls both in its district and surrounding areas such as Hickory, St. Stephens, and Newton when needed. Expanding this crew therefore enhances service to both citizens in the Conover EMS district and all surrounding districts. Since this service expansion adds hours to an existing EMS base, startup items like equipment and ambulances are not needed. This makes the investment a strategic and cost-effective way to enhance service delivery and address the growing average emergency response time. The crew expansion is funded by increased ambulance revenue.

In addition to the Conover expansion, the budget includes three replacement ambulances and the cardiac monitors necessary to equip these ambulances.



Catawba County EMS Bases

### Fire and Rescue

Catawba County is fortunate to have a large number of highly-trained and dedicated volunteers providing fire and medical first response services. These volunteers willingly devote their efforts, time, and risk their personal safety for the benefit of their community. In recent years, however, increasing time commitments from employers, training, and family have put a strain on these volunteers, making it more difficult to achieve the level of commitment that was enjoyed by departments in the past. As such, a growing number of departments have begun to supplement their volunteers with paid staff to maintain the level of service citizens expect.

Five fire protection service districts are recommended to receive a tax increase next year to address increasing levels of service, declining volunteerism, and/or the need to save for future large purchases. Each of these recommended increases is detailed below:

- **Long View (Increase from \$0.0546 to \$0.065)** – Long View began running Medical First Response calls in conjunction with Hickory Rescue in June 2012. Since this time, total call volume for the district increased 91 percent. This increase is recommended to allow the department to address the additional operational costs (fuel, equipment, and supplies) coming from the increasing call volume.
- **Maiden (Increase from \$0.06 to \$0.07)** – This increase is recommended to help Maiden Fire Department with operating costs related to opening a second fire station on Startown Road. In addition to increasing the fire department's response capability, this station also represents a strategic partnership between Maiden and the County, with a Catawba County EMS unit stationed at this base at no cost to the County.

- **Newton (Increase from \$0.07 to \$0.085)** – This will allow Newton to address a 20 percent increase in call volume, as well as assist in constructing a new fire station and replacing a 27 year old tanker truck.
- **Sherrills Ford (Increase from \$0.07 to \$0.08)** – This increase will allow Sherrills Ford to relocate an existing fire station to best serve this growing community. The existing fire station on Sherrills Ford Road does not meet the department's needs, and relocating will strategically position the department to serve areas of expected future growth. While the location of this second station is not yet finalized, this move will provide additional coverage for citizens and will serve to lower some homeowners' insurance rates. Additionally, the increase will allow the department to continue providing heavy rescue services countywide. Heavy rescue requires an advanced level of equipment that allows the department to provide technical services such as extrication from large vehicles (i.e. tractor-trailers and large farm equipment).

As a part of this recommended tax increase, half (\$36,591) of the funding coming from the Rescue Squads Fund for Sherrills Ford Fire & Rescue is eliminated. Sherrills Ford is currently the only department that receives both fire tax and Rescue Squads Fund funds, and this reduction will move the department towards being fully funded from fire tax revenue.

- **St Stephens (Increase from \$0.07 to \$0.09)** – St. Stephens requested a tax increase to help address increased call volume, loss of volunteers, and the need to save for upcoming vehicles/equipment. St. Stephens assumed Medical First Response services in August 2008, and since that time its total call volume has increased over 150 percent. The department notes declining volunteerism as well, with a downward trend in the number of volunteers responding to incidents due to the large time commitment. The department also foresees the need for a quick response vehicle and tanker truck in upcoming years.



Firefighters at a training fire

### Animal Services

The new Catawba County Animal Shelter will begin operations in late Fiscal Year 2013/14. This new Shelter provides many benefits over the previous facility, including:

- Space for 233 animals versus 78 at the old shelter.
- A drive through “sally port” for animal intakes.
- Separate intake and adoption areas for citizens.
- An indoor adoption area to allow potential adopters to spend time with the animals.
- Indoor/outdoor runs that eliminate the need for staff to physically move each animal multiple times.
- A designated quarantine area to separate sick/injured animals and bite/potentially dangerous animals.

This new facility was also constructed to be energy efficient and meet LEED Silver standards, including design elements such as geo-thermal wells for heat, at least 20 percent recycled construction materials, and low-flow fixtures. This is projected to save the County at least 30

percent a year in on-going energy costs versus standard construction. As evidence, the budget includes no increase in electricity and water/sewer for the new facility despite it being double the square footage of the facility it replaces.

Along with the new Animal Shelter, the budget includes a contract with the Humane Society of



Catawba County for animal care and adoptions. Overall, this contract is expense neutral for the County and is anticipated to increase the percentage of eligible animals adopted each year. The Humane Society will operate in the new Animal Shelter, and citizens will continue to experience excellent customer service when adopting animals. This partnership reflects the County’s commitment to partner with other agencies, both public and private, when it is in the best interest of citizens. Two Kennel Technician positions are eliminated as a result.



*New Animal Shelter nearing completion*

### *Justice Center Expansion*

The budget continues to dedicate a portion of the ¼ cent sales tax proceeds towards the needed expansion of the Justice Center. This project will add more space for courts and court related functions, the first expansion in over 35 years. Technology improvements to the courtrooms are also planned. The facility will include a new 911 Emergency Communications Center and Emergency Operations Center, EMS Administration and Emergency Services. Existing space for these critical public safety functions is too small and technologically outdated, and cannot be upgraded to meet the needs. The project will also include a parking deck and a new

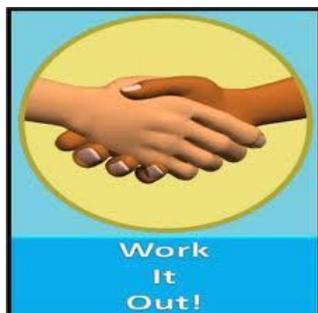
roof for the existing Justice Center and Jail. This project is expected to cost \$42 million and be completed in Summer 2016.



*Architect rendering of the Justice Center Expansion*

### *Other Public Safety*

The Conflict Resolution Center (CRC) provides services to divert criminal and civil cases from court that can potentially be settled through mediation and conflict resolution strategies. Effective January 1, 2013, the General Assembly mandated that all citizen vs. citizen warrants be referred to mediation on a fee basis. In Fiscal Year 2012/13, the CRC received 550 referrals resulting in 225 cases not returning to court of 248 mediations conducted (91 percent success rate). The fees for service don't fully cover the cost to provide the service in both Catawba County court rooms a total of four days per week. Accordingly, the budget provides \$11,000 toward the cost of this program.



The budget maintains funding of \$23,500 annually toward the cost of the Lake Norman Marine Commission (LMNC), an agency dedicated

to preserving safety and recreation on the lake. LNMC is funded equally by the four counties bordering Lake Norman (Catawba, Lincoln, Iredell, and Mecklenburg). Funds are used to maintain the navigational system, to control the Hydrilla exotic weed growth through continued introduction of sterile grass carp, to promote safe boating, and to maintain water quality on the lake.



### Public Health

#### *Mandated Services*

Approximately 80 percent of Public Health's local funding is mandated at some level. One example of a mandated service is Family Planning. Public Health must provide, contract for the provision of, or certify the availability of family planning services for all individuals within Catawba County. Low Medicaid reimbursements make providing Family Planning services an unattractive prospect for the private sector. In addition to the low reimbursements for services rendered, the State provides only \$100,000 (10 percent) in grant funds toward this \$1 million state-mandated service. To help support this effort in the coming year, Public Health will use just under \$300,000 in one-time revenue. The department will need to develop a plan for sustaining these efforts moving forward if the State does not provide adequate funding to comply with its mandate.

Another State mandated service is Environmental Health. Similarly, the State provides very little funding, \$31,500 (4 percent) for this \$800,000 service.

#### *Public Health Rightsizing*

Last year Public Health underwent personnel and service reductions as a result of revenue loss from changes in payer mix (the type of clients served) in Home Health, a more competitive home health market and overall Medicare and Medicaid reimbursements. In the past, Home Health's payer mix was balanced in a manner that benefitted both the program, and Public Health as a whole by providing funding for programs like Adult Health, Environmental Health and Child Health. These changes, along with reduced Medicaid Cost

Settlement revenue from the state, resulted in the elimination of 23 positions (9 of which were filled), which decreased Immunization and Flu vaccination availability and elongated wait times for environmental health permits. Rightsizing Public Health stabilized Home Health's revenues; however, the causes that necessitated the rightsizing remain in Fiscal Year 2014/15. Recognizing this, the County will need to stay abreast of developments in the Public Health arena and remain ready to take appropriate action in the future to address what appears to be a structural financial deficit.

Public Health will undergo another round of staff reductions as a response to the department's continuing revenue shortfalls. The reductions, 8 positions (3.3 FTE), will impact organizational structure and processes such as staff training and supervision, more than they will directly impact service provision to citizens.

#### *Partnerships*

As a response to declining revenues, Public Health has fostered several partnerships with various community organizations and the private sector to provide quality care for citizens. The department has partnered with CVMC to offer the school nurse program, one of the County's most successful programs, and prenatal care. Public Health's partnership with Catawba Pediatrics has not only improved care for those children, but supports a BOC goal to partner with the private sector where appropriate.

#### *Accreditation*

Catawba County successfully earned state mandated re-accreditation in December 2013, a significant milestone. The department nearly earned a perfect score by successfully accomplishing 147 of 148 activities. Accreditation focuses on a set of standards that must be met by local health departments to ensure the protection of the



public's health. The Accreditation Site Visit Team commended Public Health on:

- Covering core public health functions and partnering with other providers in the community to provide some clinical services
- Continuing to visit every newborn in the County through their newborn postpartum program.
- Ownership of a weekly Farmer's Market held in the parking lot of the Public Health building to encourage healthy eating and mitigate issues of access to fresh foods.

### Social Services

Social Services' Federal and State revenue streams have been declining over the last several years. During Fiscal Year 2013/14, Title IV E funding (\$500,000) was eliminated by the State. Title IV E funded In-Home Prevention Case Management, a mandatory preventative treatment for Child Welfare services. In Fiscal Year 2014/15 the State will eliminate funding for another preventative service, At-Risk-Management (\$125,000). This reduction in preventative funding will increase the cost of Child Welfare programs like Foster Care.

The State has not added money to the department's mandated budget, so Social Services' local mandated budget will increase by \$100,000 in Fiscal Year 2014/15, with a potential additional increase in Fiscal Year 2015/16.

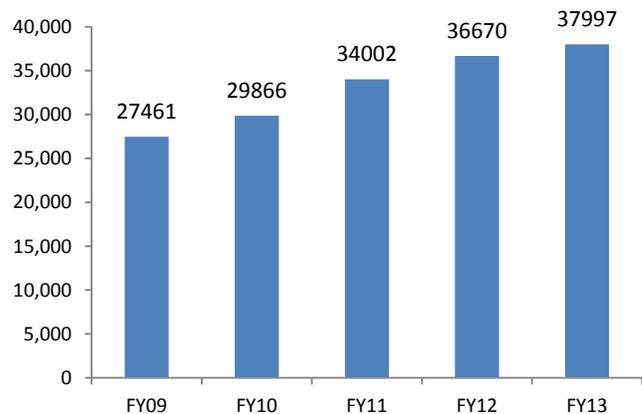
### *North Carolina Families Accessing Services through Technology (NCFAST)*

NCFAST, the State's new case management system, was implemented statewide over the course of the last year. NCFAST was designed to increase efficiency by reallocating staff's caseload and providing citizens a one-stop application for Social Services benefits. NCFAST's implementation has been problematic for the majority of North Carolina counties,

accompanied by delayed service provision for citizens and service interruptions. Social Services has also experienced issues with the systems; however, not to the degree of other North Carolina counties.

The issues with NCFAST come at a very inconvenient time for Catawba County citizens, as demand for services continue to increase. Over the last five years the number of people receiving food assistance at least once during the year has increased by 38 percent. Thankfully, Catawba County Social Services was a pilot location for testing the NC FAST software. Because of this experience the department has been able mitigate some of negative impacts associated with NCFAST. At mid-year of Fiscal Year 2013/14, 95.8 percent of applications for Food Assistance were processed within 9.9 days. Although this mark is below the department's goal of processing 99 percent of applications within 8 days, this level of performance greatly exceeds the Federal goal of processing 97 percent of Food Assistance applications within 30 days.

**The number of unduplicated people who have received food assistance at least once increased by 38 percent from FY09 to FY13.**



## Partners Behavioral Health Management

On July 1, 2012, Mental Health Partners, which served Catawba and Burke Counties since July 2008, merged 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 managed care organization (MCO). Since statewide mental health reform began seven years ago, Catawba County representation on the governing board has been progressively reduced and is now 1/5 what it was before reform. Now the State plans to consolidate existing MCOs into 4 regions statewide, even further removing mental health services from local control and shifting the responsibility more clearly to the State.

The budget maintains existing mental health services at current year levels and total

spending of \$534,000 by appropriating \$459,000 and asking Partners BHM to spend \$75,000 of County fund balance it is holding based on prior year under spending. County funds cover services not otherwise supported by Federal or State funding that benefit Catawba County citizens. In Fiscal Year 2014/15, the County will continue to contract for the following services:

- Psychiatric support
- Mental health and substance abuse services to inmates
- Support to LifeSkills program operations
- Assistance to residents of Newton Apartments
- Temporary housing

Additionally, \$100,000 is budgeted in restricted ABC funds for alcohol and substance abuse treatment in Catawba County.

**Proposed Local Management Entity - Managed Care Organizations (LME-MCOs)  
As of 12/13/13**



### Sherrills Ford Library

The new Sherrills Ford Library will open in September 2014. The new facility is 10,030 square feet, 3.5 times larger than the current building. It will offer two self-checkout stations, mobile bookshelves, and no centralized circulation desk, which will promote flexibility for the library patron. In addition to traditional library functions, a multipurpose/meeting room will be available for community meeting use, which can be configured to hold as many as 80 people. This space is ideal for community events as it includes its own storage room, kitchenette, and entrances/exits. The Library will also have a dedicated children's area, located in the building's northwest wing. The pictures to the right show construction progress from the same vantage point for March and April 2014, along with an artist's rendering of the finished facility.

In addition to the building being multifunctional it will be LEED certified, lowering operating costs, conserving water and energy, reducing greenhouse gas emissions, increasing occupant safety, and enhancing the building's value. The property will be landscaped to enhance the building's aesthetics and mitigate large amounts of storm water runoff. The property will have a walking trail, a garden (made possible with the help of Friends of the Library) and a retention pond that will serve as an attractive water feature. The budget includes the annualized costs of 5 positions (3 FTEs) added in Fiscal Year 2013/14, books and other materials, and general operations for the new library.

### Maiden Library Expansion

The Maiden Branch library has the opportunity to expand into the former chambers of Maiden's Town Hall, which was located in the same building as the library. Based on a survey of library patrons the space will be converted to a Children's Early Literacy space. This will provide the Maiden Library with unique spaces for Adult and Children reading material and programs.



*March*



*April*



*September*



Other Cultural

Non-profit and for-profit arts and culture organizations in the community are drivers of economic activity. In addition to the direct spending associated with arts-related jobs, the level of indirect spending catalyzed by arts and cultural events is significant. Many people will make an evening out of attending an arts or cultural event, taking in dinner and shopping in addition to the event itself. These expenditures benefit business and generate tax revenue for local government. According to a national study conducted by Americans for the Arts, the typical arts attendee spends \$24.60 per person per event above the cost of admission. Additionally, arts and culture organizations enhance the quality of life in a community and attract citizens who value creativity and self-expression, an Innovate Catawba goal.

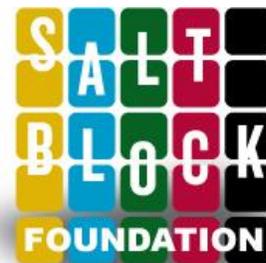
Operational funding is increased for the Historical Museum, which resides in the 1924 Courthouse. Due to a build-up of unspent funds to assist with processing applications for the National Register of Historic Properties in the County over the past several years, no new funds are budgeted. The County will make available up to \$12,000 in previously budgeted funds for this effort as needed.



Catawba County Museum of History

For these reasons, Catawba County's investment in local arts and culture organizations makes good economic sense. 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.

Both the Salt Block (which houses the Arts and Science Center, the Hickory Museum of Art, the United Arts Council and funded affiliates) and the Newton-Conover Auditorium receive County funding toward the upkeep and maintenance of these facilities.



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### *Voting Law Changes*

North Carolina's General Assembly passed House Bill 589, the Voter Identification and Verification Act (VIVA), in 2013. The law puts into place several changes that will impact voters. The major changes that took place prior to the May Primary and which will impact voters during the General Election on November 4<sup>th</sup> are:

- Elimination of same day registration
- Reduction of one-stop voting days to 10 days
- Prohibition of out of precinct voting
- Identification of provisional ballots
- New method to request and cast absentee ballots

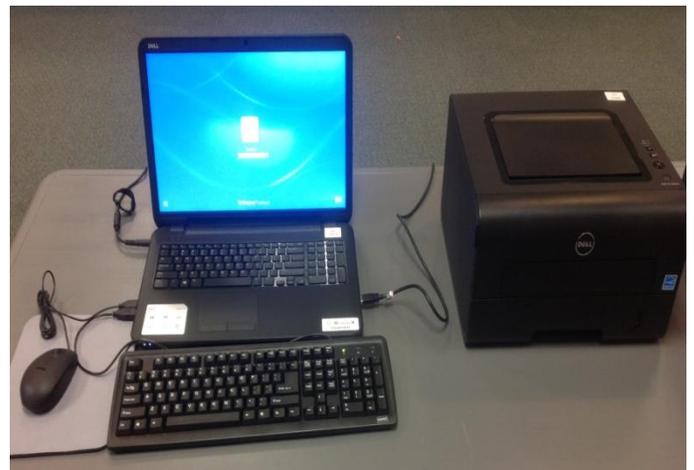
### *One-Stop Voting Reduction*

VIVA limits one-stop voting to 10 days. However, for a non-presidential General Election year, the law requires that the County make available the same number of one-stop voting hours as in 2010. The total number of one-stop voting hours in 2010 was 460 hours. The Board of Elections proposes to fill these hours by adding three one-stop voting sites. The law requires that all one-stop sites approved by the County Board of Elections and State Board of Elections have the same days of operation and same number of hours daily, except for the County's office site. The proposal will be submitted to the State Board of Elections in August 2014. The proposed one-stop sites are:

- Catawba County Main Library Branch (Newton)
- Highland Recreation Center (Hickory)
- Southwest Branch Library (Mtn. View)
- Sherrills Ford Fire Department or Library
- Conover Station

### *Electronic Poll Books*

In Fiscal Year 2013/14, the Board of Elections purchased 100 laptops (also known as electronic poll books) and 65 printers to enhance the citizens' voting experience. Poll books verify voter identity. In the past the poll book was a paper notebook full of labels with the name, address, party affiliation, and other personal identification information of every voter in a precinct. The electronic poll book replaces the notebook of labels, increasing accuracy and decreasing the voter's wait time. In 2016 electronic poll books will be necessary as VIVA's photo ID provision will come into effect.



*Electronic Poll Book*

### *New Election Equipment*

Catawba County Board of Elections last purchased voting machines in Fiscal Year 2005/06 with a Help America Vote Act grant of approximately \$1 million. At the time the machines were expected to last 10 years, which is fast approaching. Some of the voting machines, such as the voting tabulators, needed repair last year, and maintenance support for these machines is limited as the manufacturer has discontinued the machine.

VIVA mandates that by January 1<sup>st</sup>, 2018 no electronic voting system will be used unless that system generates an individual paper ballot



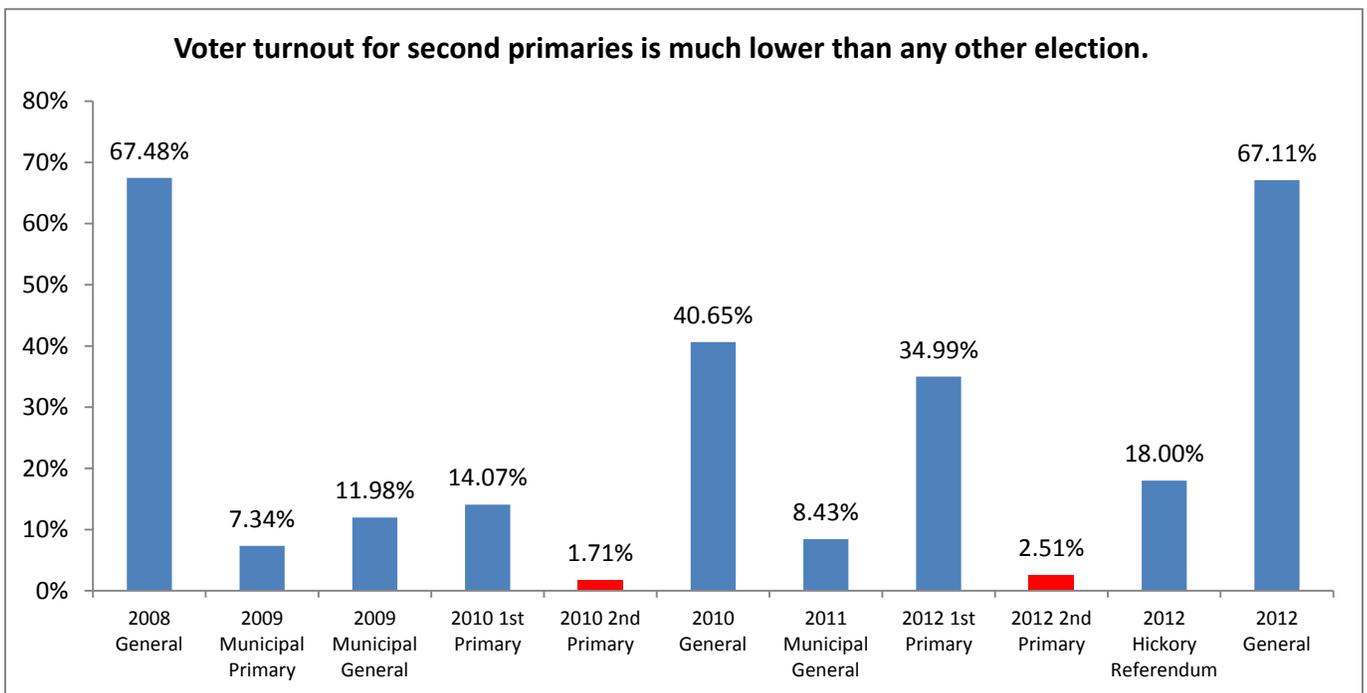
marked by the voter. This provision impacts Catawba County since the 70 Direct Record Electronic touch-screen machines used at one-stop voting sites do not generate an individual paper ballot.

Due to the age of the County's voting equipment and compliance with VIVA provisions, the Fiscal Year 2014/15 budget includes \$600,000 as a set aside toward the purchase of new voting equipment.

### Second Primary

Second primaries are required if requested, and typically are when no challenger for any seat obtains 40 percent of the vote. The May Primary took place on May 6<sup>th</sup>, 2014. Challengers for the highly contested local Clerk of Court and District Attorney seats as well as the US House of Representatives District 5 were unable to obtain 40 percent of the vote, resulting in a Second Primary, which will be held on July 15<sup>th</sup>, 2014.

The cost of a Second Primary will be approximately \$70,000. Compared to the First Primary, the turnout for Second Primaries is very low. For example in 2012, 34.99 percent of registered voters turned out for the May Primary. In the Second Primary only 2.51 percent of registered voters turned out. As result of the large cost and very low turnout, the County is advocating for legislation authorizing alternatives to Second Primary elections that minimize excessive costs while protecting the integrity of the electoral process.



## STRENGTHENING COMMUNICATIONS

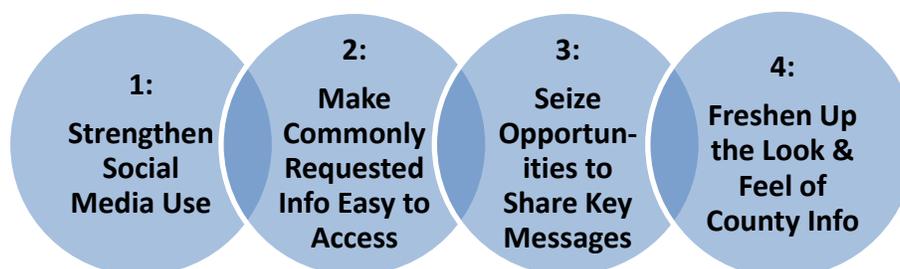
In acknowledgement of the Fiscal Year 2014/15 goal adopted by the Board of Commissioners to “Increase citizens’ awareness of County programs and services and promote healthy activities throughout the County by strengthening communications and outreach to citizens,” staff has mobilized to undertake a number of activities aimed at furthering this objective.

These activities, which strive to proactively push relevant information to citizens in an interesting and engaging way, span a continuum of communications tactics. Many of the activities focus on enhanced web presence and strengthened use of social media. Others focus on strengthening inter-departmental communications. Others attempt to heighten the availability of frequently requested or useful information to citizens while presenting it in a package that is more visually appealing. A sampling of these efforts includes:

- Strategically strengthening the County’s use of available social media outlets such as Facebook and Twitter;
- Making information on advisory board and committee membership more easily accessible to the general public via the website by posting the names and number of terms served of all board and commission members, accompanied by contact information for the assigned staff contact.
- Designing and implementing ideas for using the back side of business cards carried by staff to send key messages to the public (including QR codes for the County website, links to information on County awards, volunteer opportunities, and timely information such as availability of flu shot clinics, etc.)
- Integrating key messages and themes from the “Life, Well Run” campaign that promotes the value of professional local government management into the County website via creation of a video focusing on the role of the County and neighboring jurisdictions in fostering strong quality of life.
- Freshening up the look and feel of information about County services.

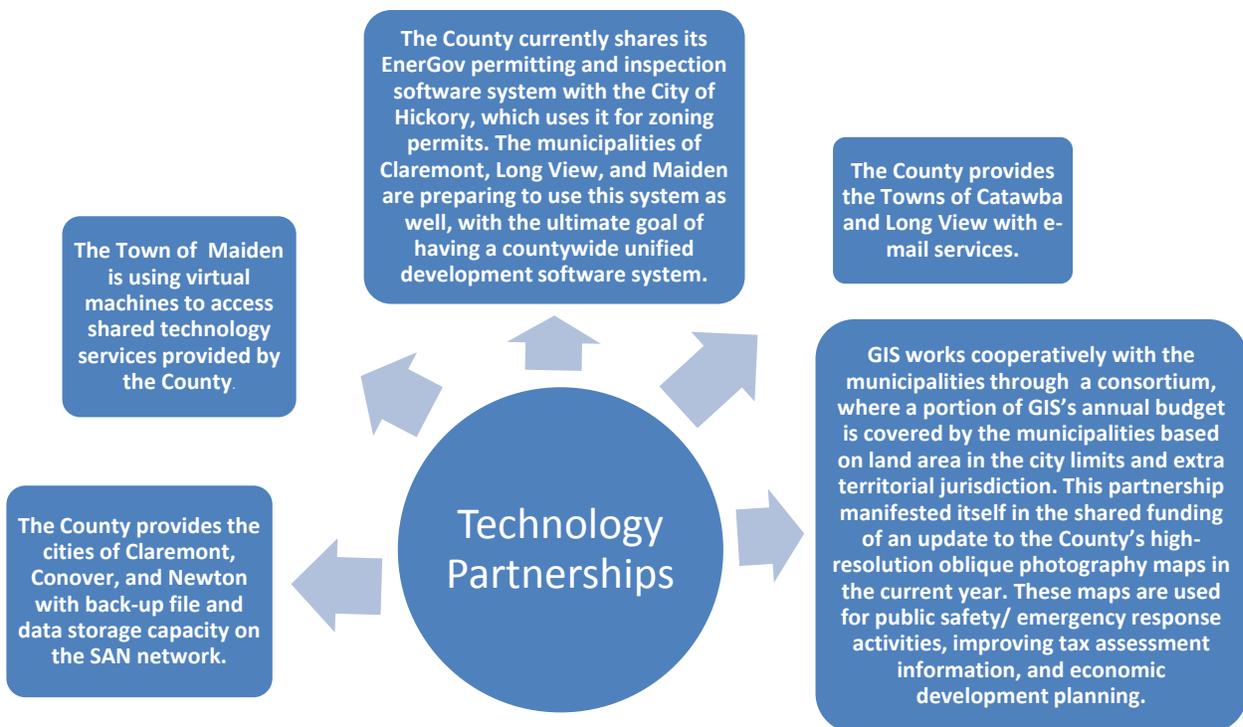
These efforts represent initial steps aimed at enhancing the County’s efforts to keep citizens informed and engaged. Future efforts will focus on increasing the visibility of available local government and community offerings about community health, active lifestyle, and healthy living, as well as enhancing the quality and visual appeal of the information being communicated.

*BOC Goal: Increase citizens' awareness of County programs and services and promote healthy activities throughout the County by strengthening communications and outreach to citizens.*



### *Technology Partnerships Save Money and Enhance Services*

The County continues to invest in technology designed to increase the public's access to County services, eliminate office space, and improve overall efficiency. Collaboration is a foundational element of Catawba County's approach to using technology, as demonstrated by the multiple partnerships the County has forged with other local governments and government agencies within the County. These relationships not only benefit the partner organizations, but they also save taxpayer money, regardless of their home jurisdictions.



### *Technology Efforts Underway*

Catawba County uses technology to increase the level of service provided to citizens. Below are some examples of technology efforts in the current year/next year:

- Continuing to provide citizens with a way to pay for tax bills and a variety of other services online. In Fiscal Year 2012/13, over \$4.25 million was collected electronically and this amount is expected to continue to grow.
- Working with Animal Services and the Humane Society of Catawba County to implement a unified animal management software system. This will be implemented when the new Animal Shelter is opened and allow for ease of communication and reporting in the animal intake, care, and adoption process.
- Implementing a new software system to better manage the activities and membership of the County's approximately 40 boards and commissions and improve the flow of information to the Board of Commissioners.

## TECHNOLOGY/FACILITY IMPROVEMENTS

- Creating new incident assessment tools to help during an emergency (such as the flood in July 2013). Specifically, these tools will allow citizens to input damage assessments online, provide Emergency Management teams with real-time incident information, and improve the flow of information between the County and State/Federal disaster agencies.
- Continuing to integrate the most up-to-date mapping with applicable County software systems. For example, aerial, side angle, and street view imagery was added to the Tax Appraisal system in the current year, which will further enhance assessors' access to relevant information as they assess property values.
- Beginning an update to the County's productivity software (i.e. word processing, spreadsheets, etc.).
- Upgrading the County's approximately 7 year old wired network to improve data transmission between computers and applications as well as across remote buildings and sites.
- Replacing the County's data backup system which is at end of life and no longer under warranty.



The County has saved over \$150,000 since Fiscal Year 2010/11 due to energy efficient lighting improvements alone.

- Cost: \$28,500
- Payback: 4 years

Currently over 67 percent (403,069 square feet) of the County's buildings have been converted to more energy-efficient lighting. During Fiscal Year 2014/15 Facilities will continue to replace T-12 light bulbs with T-8 light bulbs throughout the County, reducing electricity costs. By the end of the year, 72 percent of the County's buildings will have upgraded lighting. Since 2011, the County has saved an estimated \$157,500 in electricity costs due to the lighting upgrades.

The budget includes funding for general capital renovations including carpeting, paving, and improving signage.

### *Facility Improvements*

Catawba County continues to pursue energy efficiency because it preserves the environment and saves money in the long-term. Two additional energy efficiency measures identified through a series of systematic energy audits planned for Fiscal Year 2014/15 are:

- HVAC system (automated building controls) in Social Services buildings.
  - Cost: \$31,500.
  - Payback: 6.5 years
- Replacing boilers in Social Services buildings with a single natural gas boiler for both buildings.

**Planning, Parks, & Development**

*Carolina Thread Trail*

Planning, Parks, & Development will continue implementing the Carolina Thread Trail (CTT) Master Greenway Plan in an effort to bolster physical fitness and wellness opportunities in support of the Board of Commissioners goal. The Carolina Thread Trail is a network of greenways, trails, and blueways (water trails/paths) approximately 140 miles long that connects 15 counties in two states.

The department will construct .48 miles of natural and paved surface trail that will connect the Catawba County Government Center to the City of Newton Heritage Trail and Newton/Conover sidewalk network, creating a continuous 5 mile trail network. The natural trail will be approximately ¼ mile long and will be constructed by volunteers. The trail extension will connect to the Heritage Trail via the Animal Shelter parking lot. Having the trail connect near the Animal Shelter will provide an opportunity for volunteers to walk dogs on the Carolina Thread Trail. Contract labor will be used to construct the paved surface portion. The department received \$87,000 in grant funds to design and construct the paved portion of the trail and a footbridge to traverse a large ditch.

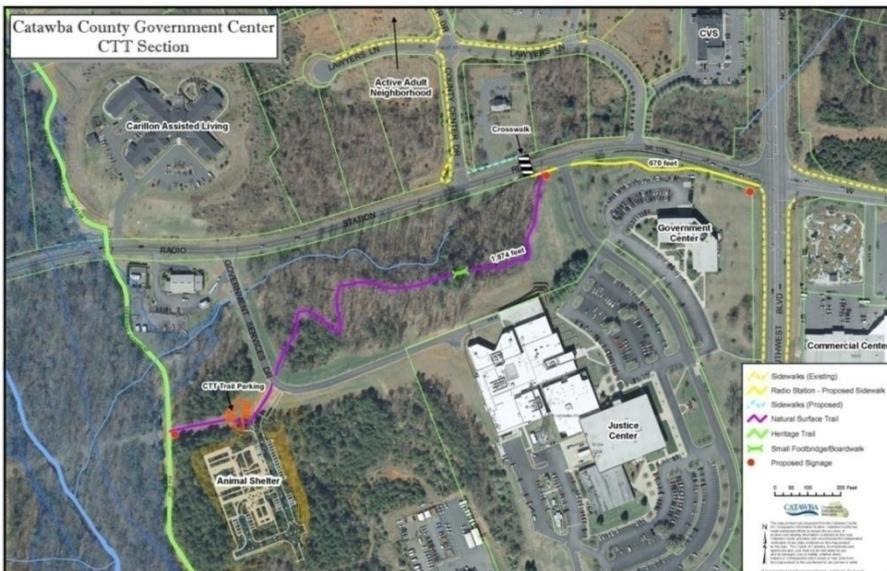
**Cooperative Extension**

With this budget, Cooperative Extension will continue its work related to bolstering the local food economy. This effort obtained a concentrated focus with the Board of Commissioners' acceptance of the community-based Food & Farm Sustainability Plan in April of 2013 and gained momentum over the course of the current year, in support of one of the Board of Commissioners' current year goals.



*Strategies to build the local food system*

In support of these efforts, the County will continue its funding of the recently created Local Foods Agent position, which was initiated by Catawba County despite initial resistance from the State to fund the function. Also this year, the County will assume 50 percent of the funding for the staff position dedicated to the Hmong Farming/Immigrant Agriculture Project, previously funded entirely by North Carolina Agricultural & Technical University. This funding will allow the position to broaden its focus beyond immigrant agriculture, with



*Carolina Thread Trail surrounding the Government Center*

targeted activities encompassing a more diverse client base.

Despite the intense focus on local foods, the Cooperative Extension budget will see a net decrease of \$2,001, largely resulting from the State’s continued unwillingness to fund other vacant positions within Extension. While the County has remained steadfast in its commitment to fund its share of all budgeted positions, the same has not been true for the State. Therefore, the responsibilities of the Family & Consumer Science (FCS) position, recently vacated through staff retirement, are being redistributed. Some of these responsibilities will shift to Public Health, which will assume administration of the ServSafe commercial food safety training program and community health promotion duties. Responsibility for food cooking, preparation, canning, and preservation instruction will be shifted to the Local Foods Agent.

The County is continuing to advocate to the State for full permanent program area coverage across the core functions of Cooperative Extension. The County will apply pressure on the State to address existing gaps in critical areas of program coverage, demanding a long-term plan for ensuring adequate resources dedicated to meeting the needs of the farming community. Livestock and agriculture play a significant role in both Catawba County’s culture and its economy, with \$56.2 million in farm income reported in 2012. (This represents an increase from the last reported statistics and a new high for Catawba County’s farm income.) The following key program areas have gone partially or fully uncovered for some time:

- Cooperative Extension Director position - vacant since August 2013;
- Family & Consumer Sciences - uncovered since December 2013;
- Livestock - uncovered since September 2010.

Given the importance of Cooperative Extension programming to the citizens of Catawba

County, the County continues to maintain that these areas need to be addressed in a sustainable way moving forward.

**Soil & Water**

Catawba County’s Soil and Water Conservation District is responsible for promoting and establishing soil and water conservation programs throughout the County. The district assists land owners with technical advice and administers three cost share programs.

- North Carolina Agriculture Cost Share
- Community Conservation Assistance Program
- Agriculture Water Resources Assistance Program

In Fiscal Year 2014/15, the District’s revenue increased by 100 percent, attributed to a North Carolina Department of Environment and Natural Resources grant (\$149,220) that will fund phase II of the Shuford Dam removal project. The Shuford Dam is located on the Henry River in Brookford. Removing the dam will reduce flooding for property owners upstream and improve navigation and safety for boaters.

Another benefit Soil and Water provides is its ability to leverage funds from other agencies to provide services to citizens. In Fiscal Year 2013/14, Soil and Water’s total budget from the County was \$110,644. The District was able to maximize the County’s investment, returning \$5.81 in funds and services for every \$1 the County contributes.

Government/Agency	Funding/Services
Catawba County	\$110,644
North Carolina Department of Agriculture	\$111,000
United States Department of Agriculture	\$371,375
North Carolina Soil and Water Foundation	\$50,000
<b>Total</b>	<b>\$643,019</b>

### Solid Waste

#### Recycling

Catawba County continues to be a statewide leader in recycling, ranking #1 in the State in 2013 for total public recycling per capita. In 2013, Catawba County citizens recycled an average of 638.73 pounds per person, which is almost 4 times the average of counties over 100,000 in population and almost 6 times the average of all counties in the State. This is a significant achievement, and represents the 7<sup>th</sup> year in a row the County has ranked either #1 or #2 in the state.

Without these recycling efforts, projections indicate a new Landfill cell would be needed at least 2 years earlier than the current estimation of June 2021.

#### Household Hazardous Waste Collections

In the current fiscal year, the County began accepting paint and electronics year-round at the Blackburn Landfill for free. This gives citizens a convenient place to recycle these materials and helps the County to comply with State law, which bans certain materials in the Landfill. This year-round collection effort has been a success, with 346 customers recycling 63,249 pounds of electronics and paint in the first 6 months of the year. Because of this success, the County has increased its outcome target for Household Hazardous Waste recycling from 70,000 to 150,000 pounds next year.

In addition to this year-round service, the budget maintains one Household Hazardous Collection event on November 1, 2014 at LP Frans Stadium in Hickory. This event provides citizens with convenient access to dispose of hazardous materials such as pesticides,

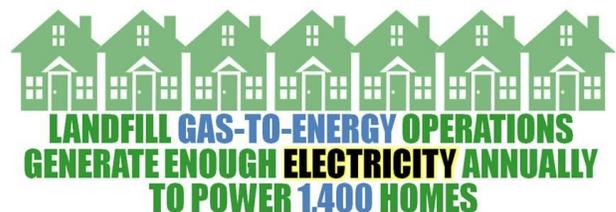
batteries, motor oil, microwaves, and pool chemicals free of charge. Electronics and paint are also accepted at this event.

#### Purchase Power Agreement

The County currently has three Landfill Gas-to-Energy engines at the Blackburn Landfill that convert the methane naturally produced from the breakdown of waste into electricity that is sold to Duke Energy. This operation is a win-win for all stakeholders, with Catawba County generating revenue from an otherwise wasted landfill by-product, and Duke Energy able to purchase electricity

from this new fuel source rather than create it by using fossil fuel or nuclear plants. The County's current Purchase Power Agreement (PPA) with Duke Energy for the sale of this electricity ends in August 2014. This existing PPA maintained a constant price per kilowatt hour for the past 15 years. However, with Duke Energy's current published avoided cost rate (the amount it costs to produce energy) higher than the County's current contract rate, an approximately \$400,000 increase in the revenue is included in the budget for next year.

### CATAWBA COUNTY RANKED #1 FOR TOTAL PUBLIC RECYCLING IN 2013



#### Biodiesel Privatization

The County's Biodiesel Research, Development, and Production Facility will be privatized and operated by Blue Ridge Biofuels. As a part of this process, Blue Ridge Biofuels will invest approximately \$1 million at the facility and

create 5-10 jobs. The company's goal is to produce two million gallons of biodiesel each year in Catawba County. Additionally, the County will be able to purchase this fuel at a reduced rate, and will use the B-10 biodiesel blend produced at the facility in all Landfill equipment. All together, this privatization will save the County \$40,000 to \$50,000 a year versus continuing to operate the facility in-house. Even with this privatization Catawba County's partnership with Appalachian State University to use this facility to perform its biodiesel research will continue. As with other services, this partnership highlights the County's commitment to partner with other agencies, both public and private, when it is in the best interest of citizens.

### Water and Sewer

As the County grows, so does the demand for clean drinking water and sewage disposal. To address these needs, and in support of the Board of Commissioners' goal to invest in infrastructure, ½ cent (\$800,000) of the property tax rate and \$1.36 million of the ¼ cent sales tax is dedicated to partner with municipalities to fund strategic water and sewer needs.

### New Projects

#### *Davis Road Water Loan Program (\$825,862)*

This project, in partnership with the Town of Maiden, will extend a water line from Water Plant Road down Davis Road to the intersection with Buffalo Shoals Road. Once complete, this project will supply water to approximately 45 homes and address water quality issues caused by stagnant water on the dead-end line. This project represents the first phase of a water loop that will tie two dead-end lines together, one located on Water Plant Road and the other on Buffalo Shoals Road. Funding for this first phase includes engineering and design of both phases of the project.

#### *McLin/Lyle Creek Sewer Outfall Phase 1 Loan Program (\$2,576,393)*

This funding will be set aside to allow the County to partner with municipalities to extend

sewer within the Lyle and McLin Creek basins in eastern Catawba County.

### *Previously Approved Projects*

Work on several previously approved projects will continue as follows:

#### *Highway 150 Sewer Phase 1 (\$8,000,000)*

This project, in partnership with the City of Hickory, will provide sewer service along the HWY 150 corridor from the HWY 16 interchange to Sherrills Ford Elementary School and connect to the existing Southeastern Catawba County Wastewater northern section. The project 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. Construction on this sewer line began in January 2013 and completion is anticipated in mid-2014.

#### *SECC Water Phase III Storage Tank and Booster Station (\$2,059,343)*

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 storage tank on Anderson Mountain Road. This will complete the third and final phase of the Southeastern Catawba County Water Supply Loop, which is designed to provide for the 20-year water needs of the southeastern part of the County.

#### *Landsdowne Subdivision Water and Sewer Loan Program (\$950,000)*

This project, in partnership with City of Conover, will provide water and sewer service to the Landsdowne subdivision off Herman Sipe Road. This project will serve approximately 80 homes.

#### *Farmfield Subdivision Water Loan Program (\$230,000)*

This project, in partnership with City of Conover, will serve approximately 55 properties located on Rock Barn Road Extension, Farmfield Drive, and Acreland Drive. Farmfield Subdivision is north of Conover and located at the intersection of Rock Barn Road and Oxford Schools Road.

## HUMAN RESOURCES



### *Positions*

Catawba County continues to review staffing needs annually, rightsizing in some areas while investing in others. The Fiscal Year 2014/15 budget eliminates or reduces hours for 16 positions and adds 6 new positions in public safety as follows:

Position Reductions
<b>Public Health</b>
Charge Nurse II (1 FTE)
Medical Office Assistant (.5 FTE)
Quality and Compliance Coordinator (reduced to .5 FTE from .08)
Physician Extender (vacant position .5 FTE)
Office Support Specialist II (vacant position, 1 FTE)
Administrative Assistant II (unfunded)
Home Health Marketing Specialist (unfunded)
Accounting Specialist III (unfunded)
<b>Cooperative Extension</b>
Family & Consumer Science Agent (eliminate send-in position)
Local Foods Advocate (converted from 100 percent County funded position to cost-shared send-in position)
<b>Sheriff</b>
Federal Transport Deputy (1 vacant position, 1 FTE)
<b>Emergency Services</b>
Kennel Technician (2 vacant positions, 2 FTEs)
<b>Tax</b>
Tax Collection Clerk (1 vacant position, 1 FTE)
<b>Solid Waste</b>
Certified Landfill Operations Specialist (1 vacant position, 1 FTE)
<b>Finance</b>
Accounting Clerk (1 vacant position, reduced to 0.5 FTE from 1 FTE)
New Positions
<b>Sheriff</b>
Road Patrol Deputies (2 positions, 2 FTEs)
Detention Officers (2 positions, 2 FTEs)
<b>Emergency Services</b>
Paramedics (2 positions, 2 FTEs)
Emergency Management Project Specialist (1 position, increased to 0.75 FTE from 0.5 FTE)

### *Salary and Benefits*

The budget includes a 1 percent Cost of Living Adjustment (COLA) July 1, in order for the County to remain competitive in recruiting and retaining quality employees. All other salary changes are based on performance -- 1 percent for employees who satisfy the performance expectations for their positions and 1 percent for up to 50 percent of top performers.

Catawba County is self-insured for health care coverage. As such, financial sustainability and making decisions that incentivize the workforce to be as physically healthy as possible are important. When it comes to health insurance, in many ways physical wellness and fiscal wellness are inextricably linked.

- Healthy employees are more productive, based on fewer work days missed due to illness or injury;
- Preventive care is less costly than reactive care, and employees who enjoy the benefits of healthy lifestyles generally have lower insurance claims than those who face chronic illness or poor health.

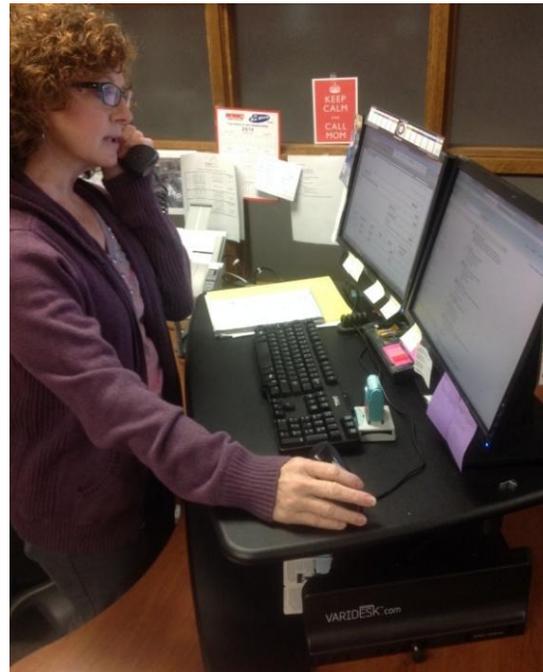
Several years ago, the County created an on-site employee clinic called Employee Health Connection (EHC). This clinic, managed via contract by Catawba Valley Medical Center, saves the County and its employees both time and money – in the form of convenience, leave time / sick time avoided, and low-to no-cost basic preventive services -- and reduces time away from work so citizens are better served. For Fiscal Year 2012/13, net savings in both time and money resulting from the EHC exceeded \$66,280.

For the past several years, the County has offered employees a choice from among three different health insurance plans. For several years the Buy-up plan has been the most expensive plan for the County to maintain and has not been financially solvent, so it will no longer be offered as of July 1, 2014. There are no additional design or rate changes for the two other health care plans, the Core and the Health Savings Account.

The County's goal is to engage employees in positive health outcomes. Currently, the County spends 55 percent of its health claim dollars on 22 percent of its health plan members. A new health care model, Healthy Choices Advantages (HCA) will go into effect on January 1, 2015. The HCA increases insurance rates by \$20 for all levels of health coverage for employees who do not meet certain baseline biometric data. If employees are in a healthy or moderate range, they will not be subject to this \$20 rate increase. For employees who do not meet the HCA criteria, the \$20 bi-weekly rate increase will remain in effect.

In recognition of the fact that improving employees' health status is a partnership that benefits not only the employees themselves but also the organization as a whole and - by extension - the taxpayers, the County is taking an aggressive approach to improving employees' health attainment through targeted programs and initiatives:

- Health Seminars
- Exercise Classes (including walking groups)
- Fitness Challenges
- FitKik activity monitors
- Varidesk™ (standup desks)



Employee working at a Varidesk™

## CONCLUSION

### Conclusion

Catawba County continues to take proactive steps to improve its desirability as a place to work and live. The budget increases the County's investment in education, public safety, economic development, and quality of life in order to meet citizen needs and keep the County moving forward.

For Catawba County and its citizens, the coming year is being shaped by a mix of positive economic factors and some uncertainty. Favorable trends include declining unemployment, multiple announcements for new business investments, growth in sales tax revenues, and an improved property tax collection rate. These promising factors are being tempered by uncertainty around Federal and State government budget decisions, sluggish improvement in the local real estate market, and slow growth in the property tax base. Whatever the ultimate trajectory of the County's local economy ends up being, two things can be said with certainty: Catawba County will continue to be proactive in its efforts to spur positive economic activity for the betterment of its citizens and the region, and the delivery of services by County government will continue to be done in a fiscally prudent manner that invests appropriately while focusing on long-term financial sustainability.

This budget message and the complete budget document are accessible on the Internet at [www.catawbacountync.gov](http://www.catawbacountync.gov).

