

LONG-TERM FINANCIAL PLANNING

As Catawba County's economy grows, signaled by decreasing unemployment (5.1 percent as of March 2016), strong sales tax revenue growth, and increasing building permit activity, the County is taking deliberate steps to accelerate and reinforce this economic growth. The Board of Commissioners' goals, which serve as a compass to guide the organization in making decisions, focus on economic diversification, workforce development, and the importance of key community infrastructure like broadband internet access in creating and promoting business, learning, and a quality sense of place. Recent focus on diversifying the local economy and aligning workforce development efforts are paying off, with \$517 million in private investment and 434 jobs added or announced in the past year.

The budget strategically invests to enhance quality of life and harness the positive momentum of the local economy with significant resources committed to education, economic development, public safety (in enhanced EMS service, Sheriff and E-911 Center staffing expansions, and plans for a future jail), and expanded parks access and amenities. These strategic investments will reinforce and accelerate the County's economic growth, contributing to strengthening quality of life to appeal to people of all ages.

The County is able to make these investments within available revenues, maintaining the property tax rate of \$0.575 for every \$100 of valuation until the next revaluation cycle in 2019, thanks to its continuing its track record of strong fiscal stewardship and conservative budgeting. Comprehensive long-range plans have been developed for critical service areas such as school construction, jail expansion, EMS, water and sewer infrastructure, parks, libraries, and solid waste. In the coming years, the County will continue to focus on anticipating future service pressures and delivering responsive services to the community.

As of July 1, 2016, \$115 million in capital needs is forecast over the next eight years, which includes approximately \$55.99 million in school and community college construction needs and a \$17 million jail expansion. Additionally the County has planned for operating costs for the new Justice Public Safety Center (JPSC) and debt/operating costs for the jail expansion. All of these pressures are discussed in detail in the [budget message](#).

It is the County's responsibility to house all inmates as required by state law and the justice system. The County experienced a surge in inmate population that peaked from mid-2012 through 2013/14. Catawba County's jail population went from an average growth rate of 3 to 4 percent per year to 13 percent during that 18-month period. While the growth rate has since leveled off to an average of 1 to 2 percent, total inmate population has remained high, reaching 91 percent of capacity in 2015. Anticipating future capacity needs, the Catawba County Detention Center was designed to accommodate a 256-



bed expansion. Since the last jail expansion, Catawba County has been renting a limited number of beds to the Federal government at the Newton jail and banking the proceeds to help fund the planned expansion. Additionally, the Board of Commissioners has dedicated 1.5 cents (\$2.4 million) on the property tax rate annually for jail expansion. The County has set aside \$5.1 million to date and an additional \$3.625 million is in the budget, increasing the total set aside to \$8.8 million by June 30, 2017 towards the estimated \$17 million project. The County's foresight in setting these funds aside is expected to save citizens \$3 million through interest cost avoidance, based upon the fact that the County will have to borrow less to fund the expansion.

As the county continues to grow, planning for infrastructure is essential to encouraging orderly economic development, preventing urban sprawl, and accommodating that growth in adequate facilities. In 2007, the county adopted a new ¼ cent sales tax, approved by local referendum, which is currently providing approximately \$5 million a year in revenue to keep up with growth in the County without relying solely on the property tax. Most of these funds are being used to expand the County's Justice Center, a \$44.6 million construction project currently

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underway. The new center will house new courtrooms (a county responsibility), a new 911 Communications Center, the Emergency Operations Center (EOC), and the Emergency Services department. Construction is scheduled to be complete in spring 2017. Increased operating costs for the JPSC are included in the budget, funded by the ¼ cent sales tax revenue as planned, including seven new positions:

- 3 Telecommunicators – to begin March 2017
- 2 Court Bailiffs – to begin March 2017 (Additionally, part-time Court Bailiffs are budgeted to supplement staffing levels beginning July 2016 to support increased court activities.)
- 1 Technology Network Engineer – to begin July 2016
- 1 Maintenance mechanic – to begin February 2017

The remaining sales tax revenues are being used primarily for economic development, education, and water and sewer needs in the County. The Board of Commissioners also continued a policy of setting aside funds—one cent on the property tax rate or \$1.6 million, and just over \$725,000 in sales tax revenues in Fiscal Year 2016/17—to be used for strategic water and sewer projects throughout the county. These funds will fund approximately \$38 million in water and sewer needs identified over the next eight years.

Catawba County recognizes its public schools and community college are crucial partners in achieving the Board's goal to develop the County's workforce and maintain quality of life. Funding the cost of public school operations and community colleges is clearly the responsibility of the State, while schools capital and construction is the responsibility of counties. Historically, the General Assembly has not adequately funded education operations. The budget allocates over \$37 million for public school operating expenses (including a 3.8 percent per pupil increase) and \$4 million for Catawba Valley Community College (including a 3 percent total funding increase). Additionally, the budget plans for future student growth by setting aside an additional \$435,000 to be used towards annual capital.

Providing adequate funding for school construction, equipment, and debt is a County responsibility, which Catawba County more than meets. To pay for public school and community college projects, in Fiscal Year 2015/16 the Board of Commissioners continued its practice of adopting a four-year funding plan by dedicating the equivalent of 9.5 cents of the property tax rate, plus annual lottery distributions, towards current and future schools debt services. (This equals \$16.8 million in revenue.) As school/community college debt is retired each year, it is pledged towards new construction. This provides funding for \$55.99 million in new construction needs over the next four years for all three school systems and CVCC.

Funds are also included in the budget to begin planning and design for Mountain Creek Park in southeastern Catawba County and to potentially expand the footprint of Riverbend Park through acquisition of adjacent property. Both of these projects align with the objectives in the recently adopted Parks Master Plan, a community-based plan developed with input from citizens throughout the County.

Revenue and expenditure summaries for the last audited fiscal year as well as the current, requested, and recommended budgets are included. Following the summaries are 4-year revenue and expense projections.