

Special Session, Wednesday, January 7, 2015, 12:00 p.m.
Catawba County Board of Commissioners

The Catawba County Board of Commissioners met in special session on Wednesday, January 7, 2015, at 12:00 p.m. at the Catawba Valley Community College Corporate Development Center, 2601 21st St. Drive, SE, Hickory, North Carolina. The purpose of this special meeting was to hold a Board Retreat.

Present were Chair Randy Isenhower, Vice-Chair Barbara G. Beatty and Commissioners Kitty Barnes, Sherry Butler and Dan A. Hunsucker.

Also present were County Manager J. Thomas Lundy and Donna Warner, Director, Local Elected Leaders Academy, UNC School of Government.

Agenda:

- 12:00 Attendees had a light lunch and started the Setting the Stage session with Donna Warner from the UNC School of Government. The purpose of this session was to examine the expectations of the Board, its members, and the manager and staff.
- 2:40 Staff joined the retreat to participate in the remainder of the agenda. Present were Assistant County Managers Dewey Harris and Mary Furtado, Social Services Director John Eller, County Attorney Debra Bechtel, ICMA Fellow Megan Dale, Public Information Officer Dave Hardin, and County Clerk Barbara Morris.

Legislative Goals:

Assistant County Manager Dewey Harris and Social Services Director John Eller reviewed the 2015 State Legislative Long Session timeline, outlined the proposed top local issues, and reviewed local issues that would likely be taken up by the North Carolina Association of County Commissioners (NCACC), as well as local issues that were not included in the top ranking. The criteria used for the ranking process of proposed legislation was: 1) restores/maintains funding; increases county flexibility or opposes unfunded mandates; 2) maintains or improves service delivery; 3) enhances achievement of Board's goals; 4) highest priority ranking for departments; 5) NCACC priority, and 5) likelihood of legislative passage.

After discussion by Commissioners and staff and clarification of the proposed top six local legislative goals, Commissioner Hunsucker made a motion to approve the goals, as presented and corrected. The motion carried unanimously. Chair Isenhower stated the philosophy behind these goals was not asking for more money but maintaining what we had. The following are the Catawba County 2015 Long Session Legislative Goals:

- **Preserve and expand revenue options**

County governments have limited options for additional revenue sources. Additional sales tax authority would maintain those sources and provide additional opportunities to keep pace with increasing service demands (i.e. we spend 50% of local General Fund for school operating and capital expenditures). One cent on the property tax generates \$1.55 to \$1.6 million. If a 1-cent sales tax was enacted, the Board could reduce property tax and still have net revenue.

- **Ensure adequate funding if Medicaid Expansion occurs**

Should Medicaid expansion occur, counties must receive adequate funding for increased staffing levels. Additional physical space would be required to accommodate staff through reconfigured offices and acquisition of another property to accommodate an estimated additional 22 staff (20 eligibility specialists and 2 supervisors) to handle a mandated increase of more than 9000 cases. It is estimated that net costs to accommodate this expansion could range up to \$500,000, depending on how the state would structure reimbursement levels. This amount would grow each year, while the federal reimbursement decreases each year through 2020. It is uncertain who will pick up this share, the County or the State, but the State will determine.

- **Support Economic Development and Broadband**

Public infrastructure funding, competitive incentives, coordinated efforts to stimulate economic development activities, and community access to critical broadband services are needed in our community. This proposal requests the State maintain sufficient flexibility to compete with other states in recruiting companies without shifting the burden more on local governments. For example, in Catawba County, this would allow the State the flexibility to compete against other states when only one NC county remains in consideration and allow Catawba County and its cities the flexibility to determine appropriate levels of incentive funding on a project-specific basis.

According to NCBroadband, broadband has several benefits including increasing the productivity and efficiency of businesses that utilize Internet through their operations; economic development; affording citizens the opportunity to participate in online education and distance learning; workforce development, and increasing the competitiveness of entrepreneurs. It is estimated that 14% of Catawba County households do not have high-speed internet access.

- **Support tiered approach for infrastructure funding for the Industrial Development Fund (IDF)**

Support allowing all Tier 1 and 2 counties to be eligible for State IDF funds for infrastructure funding. When IDF legislation was enacted, it did not have significant dollars, therefore restricting the allocation to Tier 1 and the lower 25 of the 40 economically distressed Tier 2 counties. Since this legislation was enacted six years ago, funding has increased but these funds remain unavailable to communities such as Catawba County that have experienced significant manufacturing layoffs and closings, and have a large inventory of available obsolete facilities.

This proposal seeks to allow all Tier 1 and 2 counties to be eligible for IDF infrastructure funding.

- **Support widening of Hwy 16 and Hwy 150**

Widening Highway 16 and Highway 150 would have a beneficial economic impact measured in the \$100s of millions based upon planned development projects consisting of over 2000 housing units, over 600,000 square feet of retail and office/institutional space potentially creating hundreds of full-time service industry jobs as well as hundreds of temporary construction jobs.

- **Maintain current Aviation Fuel Tax**

If the current cap of \$2.5m on sales taxes is allowed to sunset at the end of 2015, Charlotte-Douglas International Airport will have the 5th highest jet fuel tax in the country beginning in 2016, endangering the long-term viability of Charlotte-Douglas as a hub operation.

The Charlotte-Douglas International Airport and its status as a hub is the single most important driver for economic development "lead generation" for Catawba County and the region. Although this is American Airlines' second largest hub operation, 80% of the traffic does not originate in Charlotte, meaning that cost factors are very influential in maintaining this connectivity.

3:30 Subcommittee Operation:

The operation of the Board's Subcommittees was discussed. It was concluded that the concept of meeting periodically, rather than the current schedule, was too complicated. Commissioner Barnes said she believed subcommittees in their current form had worked well for years. Commissioner Butler stated the perception by citizens was that things that came before the full Board had been previously decided and it was a rubber-stamp process and much discussion was being conducted behind closed doors. Commissioner Hunsucker indicated he had never heard that complaint and that subcommittees made the Commissioners prepared for the Board meetings. After discussion, it was decided that subcommittee meetings should be more formal, more inviting to the public (to be held in the 2nd Floor Meeting Room of the Government Center rather than the 2nd Floor Conference Room which was small and appeared to some as a private meeting location), and subcommittee members would reference subcommittee discussions when items were presented at Board meetings. County Manager Lundy confirmed that the consent agenda on the Board's agenda would continue and that minor maintenance items would not be run through subcommittee but would be included in that consent agenda.

3:45 Community Health Survey
Catawba Valley Medical Center (CVMC) President Tony Rose joined the meeting and reported on a CVMC Market Perception Survey. This 2014 survey was a follow-up to one conducted in 2010. Survey results, across the board, indicated improved perception of the hospital and awareness of the services the hospital offers.

4:15 Developing Economic Incentive Guidelines
Catawba County Economic Development President Scott Millar and Director of Business Recruitment Julie Pruett joined the meeting and reported on economic development incentives. Mr. Millar reviewed the Most Favored Business Incentive Model, looked at the specific usage of the Model, discussed the current form versus a pre-determined incentive policy, discussed the County's competitiveness related to other counties and states, and reviewed areas of possible improvement and areas that need further study and analysis.

Chair Isenhower asked how the Most Favored Business (MFB) Incentive Model figured into the incentives that Catawba County has given. Mr. Millar stated it had figured in on all but special considerations are also figured in when determining incentives.

Chair Isenhower had Board members review the Chatham County economic incentive guidelines and asked if Catawba County needed more objective guidelines. Commissioner Barnes indicated she liked the Chatham guidelines and Commissioner Butler stated she liked the point system. When questioning Chatham's policy of placing its incentive policy on the website, County Manager Lundy asked whether the Board liked having the structure of that policy or did it like the structure and the advertising of the policy. Chair Isenhower said he wants the structure. Mr. Millar said that he would want to make tweaks to the policy and Commissioner Hunsucker asked Mr. Millar about posting the policy. Mr. Millar said there were pluses and minuses to posting – the plus – existing companies will strive for the requirements; the minus – others will use the requirements as a starting point for negotiations.

The Board asked the EDC to bring something back to the Board – using both the MFB model and the Chatham policy.

The question was raised if the EDC should be looking at sites along NC16 and HWY150 and should they have a position in its organization to include the specific responsibility for these sites on these HWYs. Mr. Millar confirmed he would formulate a paragraph summarizing the Board's desires on the direction the EDC should go with this responsibility and bring to the Board for approval.

Innovate Catawba was reviewed and questions were raised on where the program was going. Mr. Millar felt it was not marketed as it should be and Commissioner Butler asked why there wasn't one specific entity/member pushing it forward. Mr. Millar stated the Chamber had not come up with what it was committed to and that the organization needed a managing entity. Discussions indicated that an executive director was being sought and Chair Isenhower stated the Board should wait and see what the Executive Committee does about a director. Mr. Millar suggested that the Board wait on the selection of a director and if one was not selected, he would come back to the Board on this issue.

In response to inquiries about Park 1764, Mr. Millar stated Hickory had the availability of funds for this project due to the passage of the recent bond referendum. Mr. Millar confirmed that any development would be consistent with the expectation set forth and a future meeting with the Hickory Mayor, the Board Chair and the EDC would take place.

5:25 Commissioner Butler moved that the Board move into Closed Session pursuant to North Carolina General Statute 143-318.11(a)(4) to discuss matters relating to the location or expansion of industries or other business in the area served by the public body, including agreement on a tentative list of economic development incentives that may be offered by the public body in negotiations. The motion carried unanimously.

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Board Retreat

5:35 The Board returned to Open Session and took no further action. Commissioner Hunsucker made a motion to adjourn at 5:35 p.m. The motion carried unanimously. The meeting adjourned

Randy Isenhower, Chair
Catawba County Board of Commissioners

Barbara E. Morris
County Clerk