

Regular Session, May 1, 2017, 9:30 a.m.
Catawba County Board of Commissioners

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The Catawba County Board of Commissioners met in regular session on Monday, May 1, 2017, at 9:30 a.m., in the Robert E. Hibbitts Meeting Room of the 1924 Courthouse, 30 North College Avenue, Newton, North Carolina.

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

Also present were County Manager Mick Berry, Assistant County Managers Dewey Harris and Mary Furtado, County Attorney Debra Bechtel, Assistant County Attorney Jodi Stewart and County Clerk Barbara Morris.

1. Chair Randy Isenhower called the meeting to order at 9:30 a.m., noting a quorum was present.
2. Commissioner Katherine W. Barnes led the Pledge of Allegiance to the Flag.
3. Commissioner Sherry E. Butler offered the invocation.
4. Commissioner Barnes made a motion to approve the minutes of the Special Meeting, Regular Meeting and Closed Session of April 17, 2017. The motion carried unanimously.
5. Recognition of Special Guests: Chair Isenhower welcomed everyone present.
6. Public Comments. None
7. Presentation:
The Board issued a proclamation declaring May 2017 as Tourism Month in Catawba County and urged

Catawba County citizens to participate in community events throughout the month. Mandy Pitts Hildebrand, Chief Executive Officer of Hickory Metro Convention Center, presented a video that highlighted the events planned for Tourism Month.

8. Public Hearings.

Economic Development Corporation.

Catawba County Economic Development Corporation Director of Business Recruitment Julie Pruett presented a request for the Board to hold a public hearing to receive citizen comments and approve an Economic Development Agreement between the County and the County and Room & Board, Inc. Room & Board, Inc. was considering either expanding an existing distribution center in another county or working with The Keith Corporation (developer) to construct a new 250,000 sf (expandable to 400,000 sf) facility on 41 acres at Newton Corporate Center (on Highway 10 in front of Target). The facility will be concrete tilt-up construction with 32 ft clear ceiling heights. Construction of phase one will be completed by January 31, 2018. Room & Board will commit to a 15- year lease with The Keith Corporation. It plans to invest a minimum of \$12,870,000 and create 13 new jobs over 3 years. The average wage of the new jobs is expected to be \$44,345, exceeding Catawba County's average wage of \$38,238.

Room & Board, Inc. is a 37 year-old privately owned company, founded in 1980. Ninety percent of the furniture sold by Room & Board is made in America. Several furniture companies in Catawba County including McCreary Modern, Lee Industries and Precedent (a division of Sherrill Furniture), supply to Room & Board. A 15-year commitment to a lease on the new facility is in essence a 15-year commitment to continue to purchase furniture from locally owned furniture companies.

The incentive grant is based on a contract with obligations requiring satisfactory performance by the Company and adheres to all NC General Statutes. The contract requires a minimum investment of \$12,870,000 and the creation of 13 new jobs. The new grant matrix developed for the Board of Commissioners suggested a level 1 incentive of 50% for 3 years. This grant is subject to our usual contractual commitments and would total a maximum of \$111,003 for the County (prior to depreciation). Based on the current tax rate, payments would equal a maximum of \$37,001 each year. This investment will net a positive payback to the County and is similar to paybacks used for grant involvement in other County projects.

Like all incentives provided by the County, these incentives are based on an economic development agreement which requires Room & Board to meet minimum thresholds of investment (\$12,870,000 by 2020) and job creation (13 by 2020) and maintained for 3 years after the last incentive payment. Clawbacks are included in the agreement requiring repayment should the investment and job creation amounts not be met or sustained.

Chair Isenhower opened the public hearing; no one came forward to speak and Chair Isenhower closed the public hearing. After Board discussion clarifying the position of the building in relation to Hwy 10 and the exterior appearance, Commissioner Butler made a motion to adopt the related resolution and authorize the Chair to execute needed documents. The motion carried unanimously. The following applies:

Resolution No. 2017-

Resolution Authorizing Economic Development Incentives for Room & Board, Inc.

WHEREAS, Room & Board, Inc. (herein referred to as "the Company") requested incentives to cause a minimum investment of \$12,870,000 in construction and equipping a new facility at 3847 W. NC 10 Hwy, Newton, NC by December 31, 2020, and the creation and maintenance of a minimum of 13 new jobs by December 31, 2020, with a requirement to not hire anyone without a minimum of a high school diploma for anyone 25 years of age or below, and that the total average wage of the jobs will be above the average wage in Catawba County as determined annually by the North Carolina Department of Commerce.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Catawba County, North Carolina, as follows:

The Board of Commissioners approves a performance based grant, based on the minimum investment of \$12,870,000 and 13 new jobs within three years, with a maximum payment of \$37,001 each year for three years (total maximum incentive of \$111,003). This grant will be used to reimburse the Company's expenditures as eligible under North Carolina General Statute 158-7.1. The Board of Commissioners also directs the County to execute a contract and any necessary resolutions or addenda between the Company and the County under these terms and conditions and authorizes the Chair to execute these documents.

This the 1st day of May, 2017.

STATE OF NORTH CAROLINA COUNTY OF CATAWBA AND
COUNTY OF CATAWBA ROOM & BOARD, INC. ECONOMIC DEVELOPMENT AGREEMENT

This **JOINT ECONOMIC DEVELOPMENT AGREEMENT** (this "Agreement") is made and entered into this ____ day of _____, 2017, by and between **Catawba County** (the "County"), a North Carolina body politic, having a mailing address of **Post Office Box 389, Newton, NC, 28658**, and **Room & Board, Inc.** ("Room & Board" or "Company"), a Minnesota corporation qualified to do business in the State of North Carolina, having a mailing address of 4600 Olson Memorial Highway, Minneapolis, Minnesota 55422, Attn: Mark Miller.

WITNESSETH:

WHEREAS, North Carolina General Statute (NCGS) 158-7.1(a) authorizes County to make appropriations for the purpose of aiding and encouraging the location of business enterprises and industrial and commercial businesses in or near its boundaries, and Room & Board is engaged in warehousing and distributing manufactured furniture products to Room & Board's retail stores nationwide within the meaning of NCGS 158-7.1; and

WHEREAS, Room & Board intends to enter into a lease ("Lease") with TKC CCXLIX, LLC, as landlord ("Developer"). The Lease will contain obligations of Developer to construct, or cause to have constructed, and Room & Board will invest in and equip, a new distribution facility (the "Improvements") at 3847 W. NC 10 Hwy, Newton, NC, (Parcel ID # 361903205632) (the "Property"). The combination of the investment by Developer and Room & Board will meet or exceed Twelve Million Eight Hundred Seventy Thousand Dollars (\$12,870,000). Room & Board intends to create a minimum of thirteen (13) new jobs at the Property, with the Improvements to be made and new jobs to be created between May 1, 2017 and December 31, 2020 (the "Improvement Period"); and

WHEREAS, Room & Board expects to be a community-oriented company and intends to participate in philanthropy, community events and programs intended to increase the health and happiness of their employees and the greater community as a whole; and to consider participation in the Catawba EDC's corporate Committee of 100 501(c)(3) non-profit sponsorship; and

WHEREAS, Room & Board is encouraged, to the reasonable extent possible, to purchase local services and supplies, such as, but not limited to, locally produced products, local hotel, motel and hospitality services, local building and construction services, and other products and services;

NOW, THEREFORE, in consideration of the promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION I – ROOM & BOARD

1. On or before June 30, 2017 Room & Board shall:

1.1 Deliver to County a certificate confirming that Room & Board or the Developer has, or has caused to be, acquired the real Property and that the construction and installation of the Improvements will result in the creation, maintenance and availability of a minimum of 13 new jobs prior to December 31, 2020, and that the overall average weekly wage will equal or exceed 100% of the Average Weekly Wage, established for Catawba County by the North Carolina Department of Commerce's Wage Standards for each year that County pays Room & Board the economic development incentive provided for herein. Room & Board affirms understanding of, and agrees to comply with, the Calendar of Responsibilities as outlined in Exhibit "A". Such certificate shall be in the form or substantially in the form of the certificate attached to this Agreement as Exhibit "A".

1.2 Provide an Opinion of Counsel for Room & Board, in form and substance reasonably satisfactory to County, that this Agreement has been duly authorized, executed and delivered by Room & Board; and

1.3 Provide an Opinion of Counsel for Room & Board, in form and substance reasonably satisfactory to County, stating that this Agreement is binding upon and enforceable against Room & Board, in North Carolina, in accordance with its terms.

Notwithstanding the foregoing, if the Lease is not executed by June 30, 2017, then Room & Board shall have the right to terminate this Agreement by giving written notice to the County and in such event neither party shall have any further obligation under this Agreement.

2. In order to induce County to enter into this Agreement and to appropriate and expend monies for payment of economic development incentives, Room & Board represents and warrants that, as of the execution date hereof:

2.1 Room & Board is a Minnesota corporation qualified to do business in the State of North Carolina, has a place of business within the State of North Carolina, and is in good standing and authorized to do business in the State of North Carolina;

2.2 Room & Board has the corporate power and authority to own its properties and assets and to carry on its business as now being conducted and has the corporate power and authority to execute and perform this Agreement;

2.3 The undersigned representative of Room & Board has the right, authority and duty to execute this Agreement in the name and on behalf of Room & Board;

2.4 This Agreement (i) is the valid and binding instrument and agreement of Room & Board, enforceable against Room & Board in accordance with its terms; (ii) does not violate any order of any court or other agency of government binding on Room & Board, the charter documents or operating agreement of Room & Board or any provision of any indenture, agreement or other instrument to which Room & Board is a party; and (iii) does not conflict with, result in a breach of, or constitute an event of default, or an event which, with notice or lapse of time, or both, would constitute an event of default, under any indenture, agreement or other instrument to which Room & Board is a party;

2.5 To Room & Board's knowledge, after reasonable inquiry, there is no suit, claim, action or litigation pending, or threatened, relating to the Improvements, the use of the Improvements for their intended purpose, or any other matter contained herein;

2.6 Subject to Developer's acquisition of the Property and execution of the Lease by Developer and Room & Board, there is no impediment to the use of the Property for the purposes contemplated by this Agreement.

2.7 Room & Board is not engaged in a business that would be exempt from property taxes.

3. In order to induce Room & Board to enter into this Agreement and to appropriate and expend monies for payment of economic development incentives, County represents and warrants that, to the best of County's knowledge that, as of the execution date hereof:

- 3.1 County is a North Carolina body politic corporate in nature and existing under North Carolina law;
- 3.2 County has the power and authority to carry on its business as now being conducted and has the power and authority to execute and perform this Agreement;
- 3.3 The undersigned authorized representative of County has the right, authority and duty to execute this Agreement in the name and on behalf of County;
- 3.4 This Agreement (i) is the valid and binding instrument and agreement of County, enforceable against County in accordance with its terms; (ii) does not violate any order of any court or other agency of government binding on County, the charter documents of County or any provision of any indenture, agreement or other instrument to which County is a party; and (iii) does not conflict with, result in a breach of, or constitute an event of default, or an event which, with notice or lapse of time, or both, would constitute an event of default, under any indenture, agreement or other instrument to which County is a party; and
- 3.5 There is no suit, claim, action or litigation pending, or to the knowledge of County threatened, relating to the Improvements, the use of the Improvements for their intended purpose, or any other matter contained herein.
4. Room & Board will cause the Lease to require Developer to make or cause to be made investments to the Property and Improvements during the Improvement Period. Cumulative expenditures will meet or exceed Twelve Million Eight Hundred Seventy Thousand Dollars (\$12,870,000) by December 31, 2020, all of which will qualify and result in additional value for ad valorem tax purposes as determined by the Catawba County Tax Office, and Room & Board further agrees to maintain in place, in good condition (ordinary wear and tear excepted), said Improvements for three years after the final incentive payment.
5. Room & Board shall create a minimum of 13 new jobs at the Property in Newton by December 31, 2020 and maintain or make available these jobs in place from December 31, 2020 until three years after the final incentive payment. A job is defined as employment that provides 1600 hours or more of work in any 12 month period.

SECTION II – COUNTY

6. On or before June 30, 2017 County shall deliver to Room & Board an Opinion of Counsel for County, in form and substance reasonably satisfactory to Room & Board, that this Agreement has been duly authorized, executed and delivered by County; and stating that this Agreement complies with the terms and requirements of NCGS 158-7.1(a) and is binding upon and enforceable against County with its terms; and evidence in the form of a Resolution or Resolutions, or official minutes, which County duly adopted authorizing the economic development incentives set forth in this Agreement.
7. Payment of economic development incentives to Room & Board for Real and Personal Investments and for Job Creation in accordance with this Agreement shall be made as follows:
- a. County will provide annual payments (each an “Annual Incentive Payment”) in an amount equal to 50% of the ad valorem taxes associated with the additional value (exclusive of rolling stock) as paid to the County for the applicable Grant Year during the Payment Period in excess of the assessed value of the Property as of January 1, 2017 (which is \$386,200). The Annual Incentive Payment for each Grant Year shall not exceed the maximum payments as reflected in the chart n paragraph b below.
- b. In no event will the cumulative Annual Incentive Payments by County exceed One Hundred Eleven Thousand Three Dollars (\$111,003) for the Payment Period (as described in the chart).

Payment Period	Maximum Annual Incentive Payment By County by Year
Grant Year 1	\$ 37,001

(2020)	
Grant Year 2 (2021)	\$ 37,001
Grant Year 3 (2022)	\$ 37,001
Total	\$111,003

c. The Annual Incentive Payments shall be payable annually for three years, beginning in 2020 (Grant Year 1).

d. Upon payment of ad valorem taxes to County for the Improvements for the applicable Grant Year of the Payment Period and certification by Company in the form or substantially in the form of the certificate attached hereto as Exhibit B, of Improvements made and proof of payment of taxes and verification that Company has created and maintained jobs as agreed herein, County will, within sixty (60) days, pay to Company the applicable Annual Incentive Payment. This same process will be followed by County and Company in each of the immediately following two (2) years.

e. Company shall furnish to County on or before March 5th of each calendar year, following and corresponding to the previous July 1st when taxes are billed, the certification required by this Section 7 and proof of payment of all applicable taxes. If requested, Company shall provide County, at County's expense, independent certification as to such expenditures and number of existing jobs.

SECTION III - OTHER

8. Force Majeure. Notwithstanding the provisions of Paragraph 9, in the event Room & Board is unable to meet the requirements of this agreement as a result of (i) an event of force majeure, including but not limited to fires, explosions, acts of God, acts of public enemy, insurrections, riots, terrorism, embargoes, labor disputes, including strikes, lockouts and job actions, or boycotts; (ii) the inability of Developer or Room & Board to obtain the governmental permits or approvals (including zoning) necessary for the acquisition of the Property, construction of the Improvements, or undertaking and operating the Improvements after a good faith effort to obtain same has been made; (iii) shortages of materials or energy; (iv) changes in laws; or (v) other causes beyond the control of and arising without the fault or negligence of Room & Board; then, in such event, the Improvement Period shall be extended for a period equal to the delay caused by any of the foregoing events so long as Room & Board shall (a) have furnished County on a timely basis, upon the occurrence of such event, a notice thereof, and (b) take all commercially reasonable steps necessary to relieve the effect of such event and to resume completion of the Improvements. In accord with the foregoing, should the Room & Board be unable to meet the requirements as described above as a result of a force majeure, the obligation of the County to pay as provided in Section II above, shall be suspended until such time as the Room & Board is relieved from the effect of an event of force majeure and resumes completion of the Improvements.

9. It shall be an "Event of Default" by Room & Board if any one or more of the following events shall occur for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

a. If Room & Board, except in the event of force majeure, shall commit a material breach of a material obligation hereunder (including without limitation, the obligation to meet the investment goals and maintaining a minimum of (13) newly created jobs as set forth herein) and such breach shall continue for a period of sixty (60) or more days following receipt of written notice from County;

b. If Room & Board shall fail to qualify and/or maintain the requirements for eligibility and participation in agreements for State of North Carolina incentives applied for and awarded;

c. If Room & Board fails to timely file Exhibit A by June 30, 2017, or Exhibit B on or before March 5 of each year, following and corresponding to the previous July 1st when taxes are billed, and any qualifying incentive would be due to Room & Board, and such failure shall not be cured within sixty (60) days after written notice from the County, this shall be deemed a breach of the Agreement and notwithstanding paragraph 10 below, the sole remedy will be that County will not owe Room & Board any incentive that may have otherwise been due had those filings properly been made when due;

d. If any material representation, warranty or other statement of fact contained in this Agreement or in any final writing, certificate, report or statement furnished by Room & Board to County in connection with the transaction described in this Agreement, shall, to Room & Board's knowledge, to be false or misleading in any material respect at the time given;

e. If Room & Board shall be unable to pay its debts generally as they become due; files a petition to take advantage of any insolvency statute; makes an assignment for the benefit of creditors; commences a proceeding for the appointment of a receiver, trustee, liquidator or conservator of themselves or of the whole or any substantial part of their property; files a petition or answer seeking reorganization or arrangement of similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state;

f. If a Court of competent jurisdiction shall enter an order, judgment, or decree appointing a custodian, receiver, trustee, liquidator, or conservator of Room & Board or of the whole or any substantial part of their properties, or approves a petition filed against Room & Board seeking reorganization or arrangement of similar relief under the federal bankruptcy laws or any other applicable law or statute; or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of Room & Board or of the whole or any substantial part of their properties; or

g. If Room & Board shall allow its taxable assets, employment and average wage amounts to fall below the minimum values agreed upon in this Agreement, as each of the same pertain to the facility contemplated by this Agreement.

10. It shall be an "Event of Default" by the County if any one or more of the following events shall occur for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

a. If County fails to pay Room & Board when such payment is due or is otherwise unable to pay its debts generally as they become due; files a petition to take advantage of any insolvency statute; makes an assignment for the benefit of creditors; commences a proceeding for the appointment of an emergency manager, receiver, trustee, liquidator or conservator or any similar entity; files a petition or answer seeking reorganization or arrangement of similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or North Carolina;

b. If a Court of competent jurisdiction shall enter an order, judgment, or decree appointing an emergency manager, custodian, receiver, trustee, liquidator, or conservator or any similar entity for County, or approves a petition filed against County seeking reorganization or arrangement of similar relief under the federal bankruptcy laws or any other applicable law or statute; or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of County.

11. County Remedy: If Room & Board fails to cure an Event of Default for which it receives written notice from County, the obligation of County as set out herein shall terminate, and Room & Board shall immediately refund to County all Annual Incentive Payments paid to Room & Board prior to the date of the Event of Default, plus interest at the rate of prime plus one percent (1%). The date the prime interest rate shall be determined shall be the date that Room & Board receives the notice of the Event of Default and prime will be the prime rate as published in the *Wall Street Journal (WSJ)*. Room & Board shall, as it relates to an Event of Default, have sixty (60) days after receipt of the notice required above, to cure the Event of

Default. The remedies described in this Section 11 shall be the County's sole remedies in connection with any Event of Default by Room & Board.

12. Room & Board Remedy: If County fails to cure an Event of Default for which it receives written notice from Room & Board, the obligations of Room & Board as set out herein shall terminate; however, the obligations of the County shall remain in full force and effect, including, the obligation to pay the Annual Incentive Payment. County shall, as it relates to an Event of Default, have sixty (60) days after receipt of the notice required above, to cure the Event of Default.

13. Room & Board and County acknowledge that any monies appropriated and expended by County for economic development incentives, as provided in this Agreement, are for a bona fide public purpose and are expended in good faith reliance on NCGS 158-7.1. In the event a Court of competent jurisdiction rules to which either Room & Board or County is a party, that all monies expended by County pursuant to this Agreement were not offered and accepted in good faith and in compliance with NCGS 158-7.1 and, further, that such monies must be repaid, Room & Board will make such repayment to County. In the event one or more lawsuits are brought against County or any County elected official, officer, agent or employee, or Room & Board, challenging the legality of this Agreement, then County and Room & Board shall exercise their best efforts to defend against any and all such lawsuits, at their own cost and expense. In any event, if Room & Board is required to repay funds to County pursuant to this paragraph 13, the benefit of this Agreement to Room & Board will have been lost and all further obligations of Room & Board hereunder shall terminate.

14. All notices, certificates or other communications required or permitted to be given or served hereunder shall be deemed given or served in accordance with the provisions of this Agreement if the notice is (i) mailed in a sealed wrapper and is deposited in the United States mail, certified mail, return receipt requested, postage prepaid, or (ii) deposited with a national overnight courier service that retains receipts for its deliveries, properly addressed as follows:

County of Catawba: Catawba County
Attn: Mick Berry, County Manager
PO Box 389
Newton, NC, 28658

Copy to: County Attorney
Attn: Debra Bechtel, County Attorney
PO Box 389
Newton, NC, 28658

Room & Board: Room & Board Inc.
Attn: Mark Miller
4600 Olson Memorial Highway
Minneapolis, Minnesota 55422

County or Room & Board may, by notice given to the other, designate any further or different addresses to which notices, certificates, requests or other communications shall be sent.

15. This Agreement shall inure to the benefit of, and is binding upon, County and Room & Board and their respective successors and assigns. However, neither this Agreement, nor any rights, privileges, nor claims created by this Agreement may be transferred by Room & Board without the prior, written approval of County, which approval will not be unreasonably withheld.

16. Except as otherwise provided in this Agreement, this Agreement may not be amended, changed, modified or altered except by written agreement of the parties.

17. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions of this Agreement.

18. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such fully-executed counterpart.

19. Controlling Law and Venue. This Agreement is governed by and shall be construed in accordance with the laws of the State of North Carolina; venue of any action shall be in the general courts of justice in Catawba County, or if in Federal court in the Western District of North Carolina.

20. The term of this Agreement shall commence on the date of execution and expire upon payment by County of all payments due to Room & Board and Room & Board fulfilling all of its requirements including real and personal property investments and the creation and maintenance of jobs, unless earlier terminated as provided herein.

21. Both Room & Board and County acknowledge and stipulate that this Agreement is the product of mutual negotiation and bargaining and that it has been drafted by Counsel for both Room & Board and County. As such, the doctrine of construction against the drafter shall have no application to this Agreement.

IN WITNESS WHEREOF the parties hereto have set their hands and seals as of the day and year first above written.

County of Catawba,
A North Carolina Body Politic
Attest:
(SEAL)

By: _____ **(Seal)**
C. Randall Isenhower, Chair
Catawba County Board of Commissioners

9. Appointments.
Vice-Chair Beatty recommended her reappointment to the Subdivision Review Board for a second term. This appointment will expire May 17, 2019. This recommendation came in the form of a motion, which carried unanimously.

10. Consent Agenda.
County Manager Mick Berry presented the following three items on the consent agenda:

a. A request for the Board to approve a new Building Services Official III position, associated expenses and a budget revision in the amount of \$47,341. It was not that long ago that the County was experiencing inspection scheduling delays that ranged from two (2) to seven (7) working days. In January 2016, the Board approved 5 Building Services' full time positions to address significant increases in development activity and the subsequent delays in scheduling of inspections. Those positions brought the average number of inspections per inspector per day down from a six-month average of 16.45 in December 2015 to an average of 10.36 in July 2016, when the new hires were able to perform inspections independently. In order to stay in front of the currently burgeoning demand for service and not fall back into a multiple-day delay in inspection scheduling, staff recommended the immediate addition of a Building Services Official position.

The average number of inspections per inspector per day is now climbing back up, reaching an average of 11.86 in March, with a high of 16.75 on March 14th. The County is now experiencing significant growth and increasing demand for service on the Building Services Division. These new demands are being driven through attrition by the April 28th retirement of Derrell Bentley, a highly experienced BSO III, and through increased construction activity including the Bridgewater development in Sherrills Ford (D.R. Horton pulled

31 additional building permits last week alone), Highland Park Apartments, Maiden Police Station, Piedmont Plastic Surgery, Lenoir Rhyne University apartment complex, Sherrills Ford Publix, Claremont Medical Office Building, and the up fit of the DAE building, just to name a few.

In January 2016, the Board instructed staff to request additional positions when demand increased to 14 inspections per inspector per day. We are now experiencing increased demand and expect the inspections per inspector per day to reach 14 in the next few months. Additionally, the lack of qualified and experienced inspectors in the available workforce remains an issue across the state. The demand for these positions is high, as evidenced by Mecklenburg County's recent openings for over 30 inspector positions. We have been able to hire new Building Services Officials (field inspectors) in the last 12-15 months, but they had minimal to no experience and no certifications. Due to their inexperience and lack of certification, new hires generally require 18 to 24 months of education and experience before they are able to make a significant impact in daily operations.

The annual salary and benefits for a Building Services Official III is approximately \$67,957. A County vehicle and operational costs which includes uniforms, code books, OSHA and personal protective equipment, cell phone, jetpack wireless modem for internet connection, I-pad, printer and wiring harness, and various hand tools used during inspections totals \$42,271. For the remainder of fiscal year 2016/17, it is anticipated that the new position can be filled by June 1st.

A budget revision was required to fund one month of salary and benefits, a County vehicle, and operational costs which includes uniforms, code books, OSHA and personal protective equipment, cell phone, jetpack wireless modem for internet connection, I-pad, printer and wiring harness, and various hand tools used during inspections. The cost for salary and benefits for one month is \$5,070 and operational costs including a vehicle and related expenses total \$42,271. At this time, staff is projecting Fiscal Year 2016/17 Building Services revenue to be approximately \$200,000 over budgeted revenue which is more than adequate to cover the additional expenses for the fiscal year. The following appropriations apply:

Appropriations:

Revenue:

110-430100-662000	\$47,341
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Expense:

110-430100-812100	\$ 4,060
Regular Wages	
110-430100-821100	\$239
FICA	
110-430100-822100	\$237
Retirement	
110-430100-823100	\$494
Health Insurance	
110-430100-823300	\$26
Dental Insurance	
110-43100-823600	\$9
Long Term Disability	
110-430100-825500	\$6
Short Term Disability	
110-430100-831090	\$1,650
Other Misc Operating	
110-430100-831015	\$500
Uniforms	
110-430100-833015	\$1,656
OSHA Equipment	
110-430100-841020	\$130
Training Education	

110-430100-841025	\$80
Certificates Costs	
110-430100-841500	\$38
Air Card Service	
110-430100-841505	\$600
Telephone Service	
110-430100-870100	\$1,325
Small Tools & Minor Equipment	
110-430100-870150	\$1,449
Minor IT Equipment	
110-430100-984000	\$32,343
Vehicles & Accessories	
110-430200-841060	\$2,500
Banking charges	

b. A request for the Board to approve a new Environmental Health Specialist position (a net increase of one full time position) for the On-Site Water Protection division in the current fiscal year. Public Health will utilize approximately \$4,800 from funds remaining in Contingency to cover projected costs of this position.

Over the last five years, Public Health has decreased staff positions considerably due to a combination of decreased workload and budget constraints. In Environmental Health two (2) field positions were eliminated. One position was added back with the hiring of a new On-Site Water Protection (OSWP) team member in January 2016. Currently, Public Health has eight field staff to perform all necessary inspections, etc. in the County. To assist the EHS, two Environmental Health Supervisors are now performing field work, inspections, and complaint investigations along with their administration duties.

Beyond the staffing reductions, Environmental Health has sustained increased demand for services in the Food, Lodging, Sanitation and On-Site Water Protection areas. In Fiscal Year 2015-2016, the area of OSWP permit issuance times increased nearly 300% when compared to Fiscal Year 2013-14. Environmental Health has a goal of processing 92% of all permits within 10 business days of receiving the application. Through the month of February, 78% (337 of 432) of applications year-to-date were processed within the 10-day window, which is well below the 92% target. During the month of February, the County received 96 applications for well or septic permits, the highest number of monthly applications received in the last 2 years. Increasing volume coupled with site complexity and the demands of making multiple site visits to a site in order to issue a permit continue to negatively affect turn-around times. All of these factors directly impact the permitting time and slow down the process as we welcome an increase in building/renovation activity in our community. The following appropriations apply:

Transfer of Appropriations:

From:

110-190100-994000 - \$4,800

Contingency

To:

110-580200-812100 - \$3,616

Regular Wages

110-580200-821100 - \$277

FICA

110-580200-822100 - \$307

Retirement

110-580200-823100 - \$500

Health

580200-823300 - \$20
Dental

110-580200-823600 - \$50
Long-Term Disability

110-580200-825500 - \$30
Short-Term Disability

110-580200-691300 - \$4,800
County Share

110-190050-691400 - (\$4,800)
County Share DHR

c. A request for the Board to approve the transfer of \$68,874 from Contingency set aside from the sale of Home Health and appropriated \$20,000 from the State to fund the purchase of an Electronic Medical Records (EMR) system. The NC Division of Medical Assistance is requiring that all Medicaid providers have an EMR system selected and fully implemented by February 2018 in order to continue to receive Medicaid payments for services rendered. Over the past year, Public Health formed an EMR team consisting of several key staff, as well as two project management staff from the IT department. This team's purpose was to research and select an EMR vendor which would replace Public Health's current practice management system, Insight. Insight is server-based software based on the Microsoft SQL Server 2008R2 platform. Microsoft has announced 07/09/2019 as the 'end of support' date for SQL Server 2008R2, which includes ending security updates. Insight will not function using a newer version of SQL Server and Netsmart is not going to update Insight to do so.

The State of North Carolina has mandated that all Medicaid providers have the capability to interface with a State or regional Health Information Exchange (HIE) by February 2018. Since Public Health currently uses paper medical records, our agency knew it would need to have an EMR in place sometime in late 2017. The EMR team researched several approved vendor systems, viewed several EMR demonstrations, interviewed staff in other counties on the pros and cons of various systems and reviewed an extensive needs list to ensure the system selected could meet the requirements of Public Health. The vendor selected through these processes is Cure MD Inc.; this vendor is used in many counties throughout NC.

With the selection process complete, Public Health now moves to the implementation process. The first step is the purchase of the EMR system and the related training and hardware costs. A final quote has been received from Cure MD. This quote totals \$88,874 and has been approved by the Purchasing Department. Public Health will soon be ready to move ahead with this purchase once the contract is finalized. With the finalization of the contract, Public Health will be able to receive \$20,000 in State allocations to assist with system costs.

Public Health recently completed a strategic plan to guide its focus moving into the future. One of the strategic plan's goals is to optimize billable, fee-based, and participation-based service provision. Implementation of EMR is explicitly included as an action step critical to achieving the goal of optimizing revenues. As such, this request is in alignment with the overarching strategic plan. The following appropriations apply:

Transfer of Appropriations:

From:
110-190100-994000 - \$68,874
Contingency

To:
110-580050-982000 - \$68,874

D.P. Equipment

110-580200-691300 - \$68,874

County Share

110-190050-691400 – (\$68,874)

County Share DHR

Supplemental Appropriation:

110-580050-982000 - \$20,000

D.P. Equipment

110-580050-638900- \$20,000

Other State Revenue

Chair Isenhower asked if any commissioner wished for an item to be broken out of the consent agenda for individual consideration. None was requested. Vice-Chair Beatty made the motion for approval of the consent agenda, which carried unanimously.

11. Departmental Report.

Social Service Director Karen Harrington, Assistant Health Director Jennifer McCracken and Program Manager Jessica Ford presented an update on the Catawba County Community Child Protection & Fatality Prevention Team. No action was required.

12. Other Items of Business: None.

13. Manager's Report. None.

14. Attorneys' Report.

15. Vice-Chair Beatty made a motion to adjourn at 10:20 a.m. The motion carried unanimously.

Randy Isenhower, Chair
Catawba County Board of Commissioners

Barbara E. Morris
County Clerk