

Message from the County Manager

May 13, 2019

To the Catawba County Board of Commissioners and Citizens:

I am pleased to present to you the recommended Catawba County budget for Fiscal Year 2019/20 in the amount of \$252,617,516, which maintains a property tax rate of \$0.575 per \$100 of valuation and reflects a 1.1 percent increase in the total budget. The General Fund budget is \$198,890,051 of this total, a 0.3% percent decrease over the current year. The budget is balanced and prepared in accordance with the Local Government Budget and Fiscal Control Act and Generally Accepted Accounting Principles, and is aligned with the priorities of the Board of Commissioners.

The Board of Commissioners' recently developed strategic plan has served as a framework to focus and guide the County's policies, service levels, and corresponding financial investments. The budget devotes resources to strategies aimed at moving the County forward toward the Board's goals:

- Catalyzing a positive business climate to retain and attract quality employers and investments;
- Partnering business with education to cultivate connections between the classroom and real-world careers for our students of all ages;
- Anticipating and skillfully planning for our community's business and residential growth;
- Protecting the well-being of our citizens;
- Providing scenic outdoor experiences for our citizens and visitors;
- Elevating our sense of place by showcasing our community's entertainment and creative offerings; and
- Amplifying our story in ways that reflect who we are and inspire people to be a part of it.

For more information on the specific ways the budget invests in these outcomes (along with many others), explore the following summary presentation on my recommended Fiscal Year 2019/20 Budget. Information on the County's overall financial and economic condition, details of each department's budget and performance outcomes, school capital and current funding, and longer term capital improvement and infrastructure plans is also included.

This budget continues the investments which have catalyzed economic growth and expanded opportunities and quality of life for our citizens. The County's leadership continues to move beyond the bounds of our specific service portfolio to our partners in the municipalities, schools, higher education and private sector, building on our heritage of people working together and truly Making.Living.Better for the citizens of Catawba County.

Sincerely,



Mick Berry
County Manager



catawba county

MAKING. LIVING. BETTER.

FISCAL YEAR 2019/20
RECOMMENDED BUDGET

Mick Berry

County Manager

May 13, 2019

FY2020 Budget Overview

- Total = \$252,617,516 (\$2.85M or 1.1% increase)
- Real Property Revaluation (since 2015) overall values up 7.4%
- General Fund = \$198,890,051 (\$659K or 0.3% decrease)
- Property Tax Rate = \$0.575 per \$100 valuation
(Revenue Neutral Rate = \$0.5571)
- Continues to implement the BOC's Strategic Plan



Revenue: Local Growth Up–Fed & State Down

FY2019/20 -- Major Revenue Summary				
Revenue by Source	FY 2018/19 Approved	FY 2019/20 Recommended	Rec \$ Change	Rec % Change
Property Tax	\$96,612,000	\$102,921,814	\$6,309,814	6.5%
Fire Prot. Service District	\$7,009,108	\$8,191,737	\$1,182,629	16.9%
Sales Tax	\$36,691,070	\$37,668,455	\$977,385	2.7%
Other Taxes	\$1,049,925	\$1,022,000	(\$27,925)	-2.7%
Federal	\$14,697,475	\$14,493,535	(\$203,940)	-1.4%
State	\$9,082,607	\$8,124,841	(\$957,766)	-10.5%
Federal & State	\$11,348,811	\$6,017,073	(\$5,331,738)	-47.0%
Local	\$6,987,656	\$6,252,905	(\$734,751)	-10.5%
Permits & Fees	\$18,862,984	\$19,528,705	\$665,721	3.5%
Miscellaneous	\$2,395,448	\$2,500,172	\$104,724	4.4%
Fund Balance	\$10,847,460	\$13,354,743	\$2,507,283	23.1%
Transfers Between Funds	\$11,375,359	\$9,660,991	(\$1,714,368)	-15.1%
Fines & Forfeitures	\$590,350	\$579,200	(\$11,150)	-1.9%
Other Sources	\$22,217,984	\$22,301,345	\$83,361	0.4%
Total Revenue All Funds	\$249,768,237	\$252,617,516	\$2,849,279	1.1%



Real Property Values grew 7.4%, 25% of tax base not affected; total 5.4% growth

Tax Base Net Apple Incentivized Property						
		18/19		19/20	Change	% Change
Real Property		\$11,883,431,245		\$12,758,057,600	\$874,626,355	7.4%
Business Personal Property		\$2,045,205,516		\$2,036,117,635	(\$9,087,881)	-0.4%
Public Utilities		\$856,998,870		\$857,000,000	\$1,130	0.0%
Motor Vehicles		\$1,435,000,000		\$1,445,000,000	\$10,000,000	0.7%
	Total	\$16,220,635,631		\$17,096,175,235	\$875,539,604	5.4%

- Business Personal Property actually decreases due to depreciation.



Revenue Neutral Rate yields 2.1% growth; GS Revenue Neutral Formula = \$.5571

Revenue Neutral Net Apple Incentives	0.5750	\$90,703,767	0.5571	\$92,623,615	\$1,919,848	2.1%
Real Property		\$66,935,054		\$69,120,573	\$2,185,519	3.3%
Business Personal Property		\$11,436,534		\$11,031,273	(\$405,261)	-3.5%
Public Utilities		\$4,792,231		\$4,643,052	(\$149,179)	-3.1%
Motor Vehicles		\$8,024,341		\$7,828,717	(\$195,624)	-2.4%

- Unintended reduction in public utilities, business personal, and motor vehicles
- Neutral formula does not exclude growth in tax base, only growth in value due to revaluation



Flat Tax Rate yields 5.4% growth, minimizes windfall

Current Tax Rate Net Apple Incentives	0.5750	\$90,703,767	0.5750	\$95,599,675	\$4,895,908	5.4%
Real Property		\$66,935,054		\$71,341,463	\$4,406,409	6.6%
Business Personal Property		\$11,436,534		\$11,385,715	(\$50,819)	-0.4%
Public Utilities		\$4,792,231		\$4,792,237	\$6	0.0%
Motor Vehicles		\$8,024,341		\$8,080,259	\$55,918	0.7%

- .575 rate minimizes windfall on utilities, depreciated business personal property, and motor vehicles



Flat Tax Rate means \$32 per year for average homeowner

	18/19 Value	Tax Bill	19/20 Value	19/20 Rate	Tax Bill	Difference
Avg Home Current Rate	\$160,800	\$925	\$179,700	\$0.5750	\$1,033	\$109
Avg Home Rev Neutral Rate	\$160,800	\$925	\$179,700	\$0.5571	\$1,001	\$77



Revenue: Local Growth Up–Fed & State Down

- Sales Tax: 2.7% growth on FY17/18 actuals = \$977K revenue
- Federal/State Revenue Loss: roughly \$6.7M (mostly removal of pass-through day-care funds from Social Services)
- Fund Balance reflects prudent management of reserves and history of conservative projections:
 - \$39.5M General Fund Unassigned (24% of expenditures)
 - Well above State-required 8% minimum and BOC policy of 16%
 - \$13.4M appropriated



Expenditures: Biggest Increases = Jail, Sheriff, Schools, Fire Departments

FY2019/20 -- Departmental Expense Summary				
Expenses by Department/Fund	FY 2018/19 Approved Budget	FY 2019/20 Recommended Budget	Rec. \$ Change	Rec. % Change
General Government	\$8,762,301	\$9,034,383	\$272,082	3.1%
Transfers	\$8,168,554	\$6,838,522	(\$1,330,032)	-16.3%
Public Safety	\$33,358,998	\$36,487,472	\$3,128,474	9.4%
Environmental Quality	\$661,106	\$722,247	\$61,141	9.2%
Economic & Physical Dev	\$19,241,427	\$20,034,168	\$792,741	4.1%
Human Services	\$52,428,038	\$47,259,838	(\$5,168,200)	-9.9%
Other Human Services	\$223,500	\$223,500	\$0	0.0%
Education - Current Exp	\$45,182,608	\$46,076,976	\$894,368	2.0%
Culture	\$3,537,903	\$3,623,760	\$85,857	2.4%
Debt	\$28,208,601	\$28,812,685	\$604,084	2.1%
Total General Fund	\$199,549,536	\$198,890,051	(\$659,485)	-0.3%
GF-like, Special Revenue	\$8,243,413	\$8,324,242	\$80,829	1.0%
Fire Districts	\$7,088,311	\$8,846,556	\$1,758,245	24.8%
General Capital Project	\$4,694,024	\$5,087,165	\$393,141	8.4%
School Capital	\$5,940,774	\$6,401,556	\$460,782	7.8%
School Construction	\$9,781,242	\$11,036,780	\$1,255,538	12.8%
Water & Sewer Capital	\$559,700	\$350,000	(\$209,700)	-37.5%
Water & Sewer	\$2,996,061	\$2,559,262	(\$436,799)	-14.6%
Solid Waste Capital	\$2,250,000	\$2,050,000	(\$200,000)	-8.9%
Solid Waste Management	\$8,665,176	\$9,071,904	\$406,728	4.7%
Grand Total	\$249,768,237	\$252,617,516	\$2,849,279	1.1%

Budget Implements Strategic Plan

Success for Catawba County means driving economic and population growth through creating jobs and enhancing our strong quality of life



Economic Development



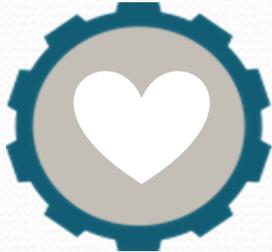
K-64 Education



Water & Sewer



Housing



Healthy & Safe



Parks & Environment



Arts & Culture

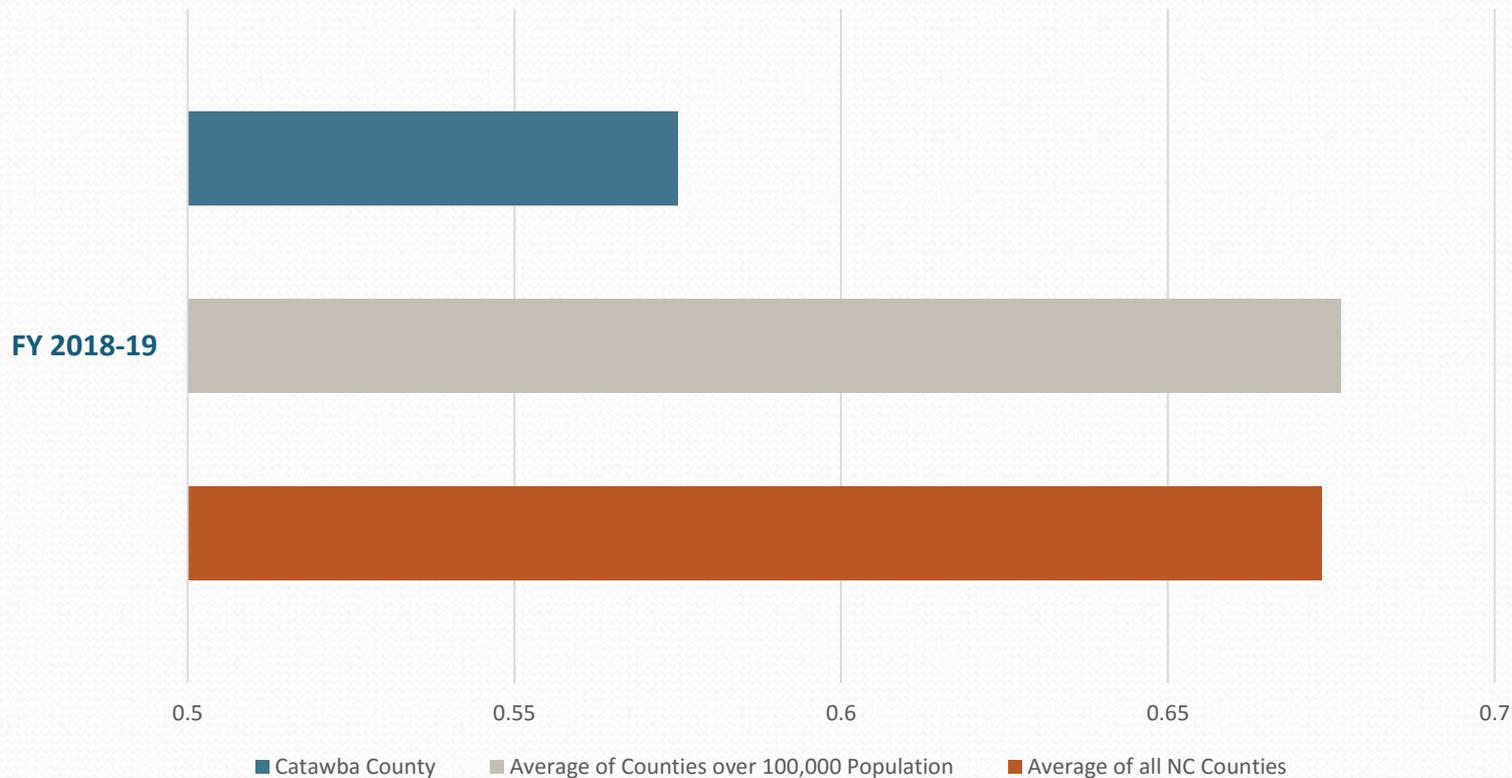


Branding & Marketing

Foster Positive Business Climate

Maintain low cost of government, competitive tax rate and development fees

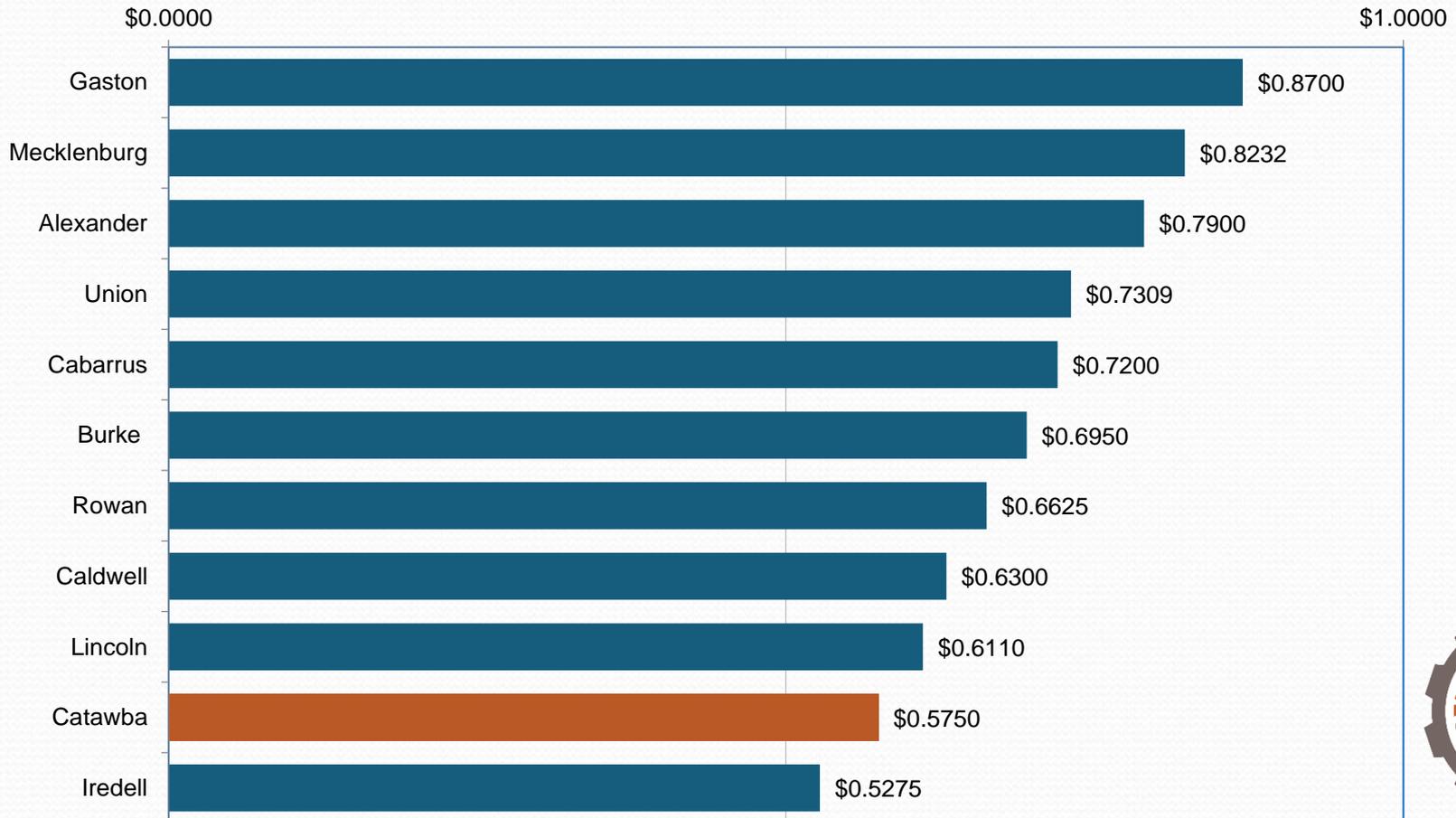
Catawba County's tax rate is lower than the average of both all NC counties and those over 100,000 population, at 1/3 of legally allowable tax rate.



Foster Positive Business Climate

Maintain low cost of government, competitive tax rate and development fees

Catawba County's tax rate is 2nd lowest among neighboring counties



Foster Positive Business Climate

- Environmental Health lead position added to enhance customer service and assist with response times
- Business Personal Property Auditor to ensure taxpayer equity
- \$100K Permitting software upgrade set-aside (recurring)



Foster Positive Business Climate

Fee Changes: Aligning fees with costs, Simplifying fee structures

- Building Services: reductions and simplification
 - Reductions: phased construction permit, demolition permit, re-roof permit, MF mechanical / plumbing permit, covered porch sq. ft. multiplier, exhaust fan / gas line only, etc.
 - Streamlining: modular/manufactured home trade permit, permit placard, mechanical permit fee
- Library: large format print/copy charges adjusted to cover supply cost
- Sheriff: establish separate inmate bed rental fee for federal prisoners (\$65 / day) and local prisoners (\$40 / day)



Creating Jobs & Investment for Quality of Life

Since July 2016: **1,593** new jobs and **\$1.8B** in tax base investment



Support Stratified Approach to Product Development - ensuring market-ready product offerings that appeal to diverse prospects

- Develop and aggressively market Trivium Corporate Center
\$6.3M to cover County's share of land acquisition and
site development commitments over next 4 years



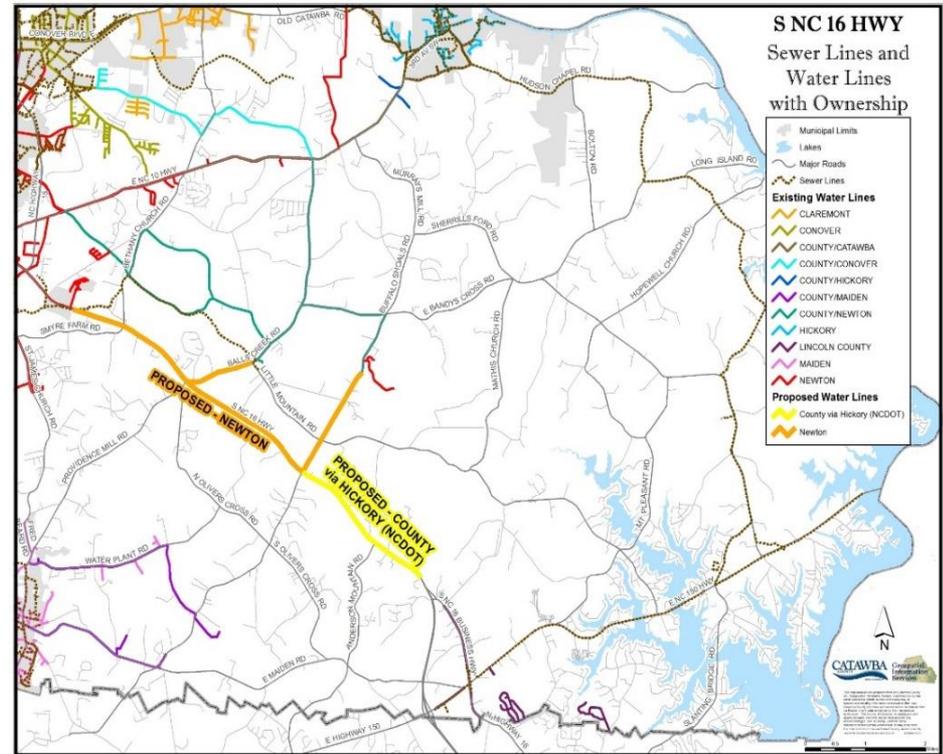
Support Stratified Approach to Product Development - ensuring market-ready product offerings that appeal to diverse prospects

- Sets aside \$3.9M to support strategic investments in potential emergent opportunities (via 2-year diversion of property and sales tax from Water and Sewer reserve)
- Capture unmet incentives (\$520K) for future investment
- Spec building partnerships
- New business park opportunities



Lead growth through targeted water/sewer extensions

- High priority municipal extension needs met
- \$250K set-aside for future WWTP expansion
- Hwy 16 Water (w/Newton): \$6.2M total; \$1.2M spent
 - Non-NCDOT lines in service: Balls Creek and Buffalo Shoals Rd.
 - Hwy 16 construction not started; early 2021 estimated completion
- \$16M reserve for future expansion
- SECC Study complete in Summer 2019



Ensure Financial Sustainability of Water/Sewer Program

- Establishment of Water-Sewer governance and funding structure planned for Fall 2019
- Work remaining
 - Boundary establishment
 - Re-calculation of system development fees
 - Community outreach
 - Formal BOC consideration



Education: Investing in Future Workforce Readiness

- **\$46.1M Schools Current Expense (2% increase)**
 - \$1,707 per pupil (\$60 or 3.6% increase)
 - Rank 19th statewide in total current expense funding; up from 20th
 - Rank 49th statewide in per pupil funding; up from 52nd
 - \$250K increase for CVCC to support WSC operations (5.7% increase)
- **\$6.4M Schools Capital – follows districts' funding priorities**
 - Catawba County Schools: \$4.02M
 - Hickory Public Schools: \$969,004
 - Newton-Conover City Schools: \$754,700
 - CVCC: \$653,011
- **K-64: \$1.3M in annual support (3rd year of 5-year commitment)**
 - WBL120: 46 spring students; online soft skills modules, 32-hr internships
 - 1-to-1 Chromebooks at middle and high schools county-wide
 - Character education pilot program throughout districts



Provide facilities in alignment with evolving educational instructional models & community needs

School Construction Projects 4-Year Plan	Fiscal Year 2019/20	Fiscal Year 2020/21	Fiscal Year 2021/22	Fiscal Year 2022/23	Total
CVCC - Engineering Building	3,000,000	0	0	0	3,000,000
Catawba County Schools - New Maiden Elementary	0	19,500,000	0	0	19,500,000
Catawba County Schools - Maiden Middle Renovations & Addition	7,250,000				7,250,000
Hickory Public Schools - Elementary School Additions	0	4,000,000	0	4,000,000	8,000,000
Newton-Conover High School Renovations	0	6,000,000	2,000,000	0	8,000,000
Totals	10,250,000	29,500,000	2,000,000	4,000,000	45,750,000
Revenue					
Installment Purchase	10,250,000	29,500,000	2,000,000	4,000,000	45,750,000
Total Revenue	10,250,000	29,500,000	2,000,000	4,000,000	45,750,000

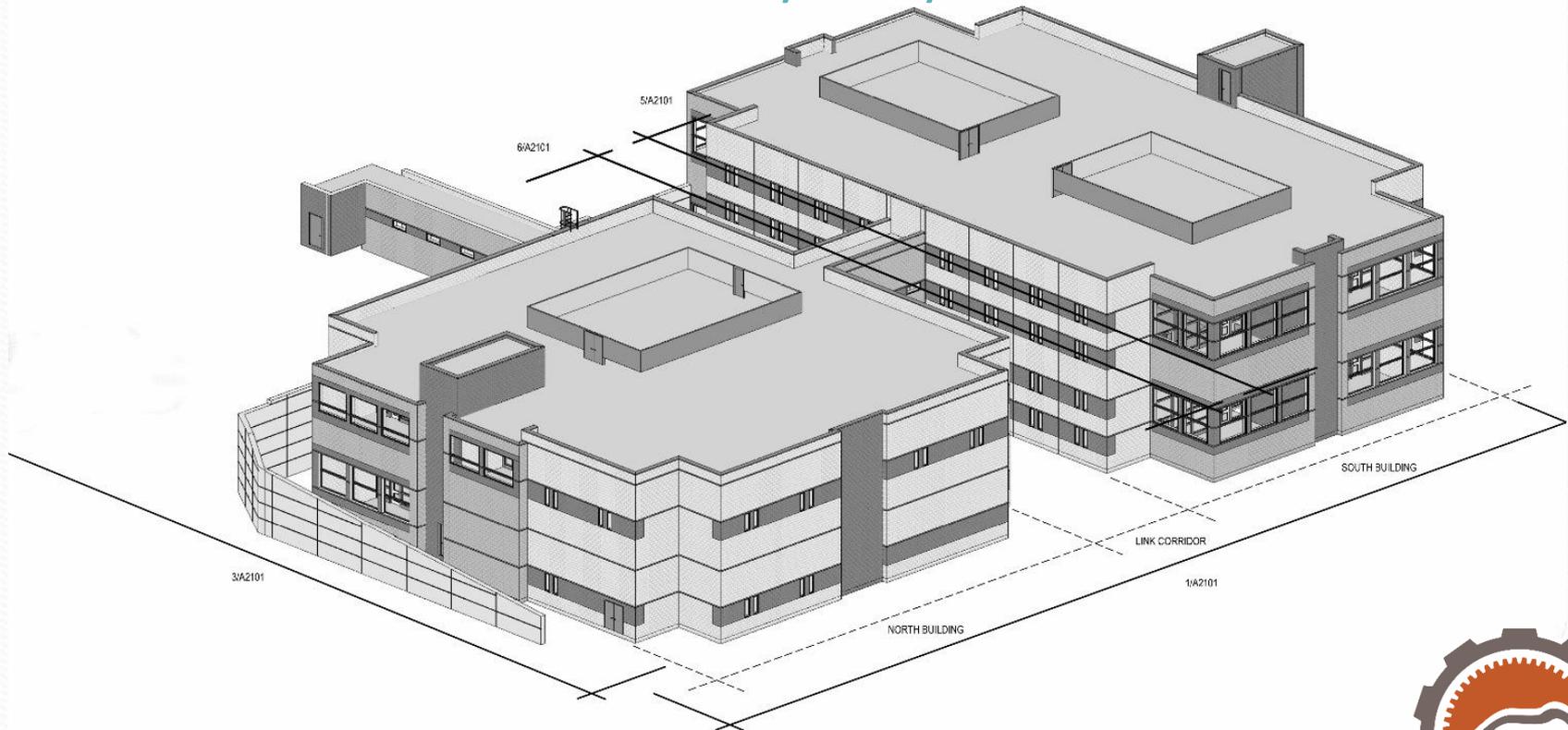
+ \$787K set aside for future debt service



Healthy and Safe Community: 320-bed Jail Expansion

Replacing 25-year Partnership w/Burke Co.

- Project Cost: \$33.4M
- \$1.8M in annual debt svc across 4-year cycle



PERSPECTIVE 1 - SW VIEW

Total expanded bed count = 579



Healthy and Safe Community: Sheriff's Office

- Jail Expansion: 46 positions + partial year of jail operations (\$1.75M increase)
 - 1 Captain
 - 4 Supervisors
 - 39 Detention Officers
 - 2 Sheriffs Deputies
- Jail Debt Service: \$1.86M
- Records: Gun Permits – 1 position added (\$42K)
- Body Worn Cameras / Tasers + associated IT support (\$272K)
- Vehicle Replacement: 19 Tahoes, Jail Van (\$627K)
- Safe Communities Initiative: municipal partnership (\$23K)
- Other equipment: boat motor, STAR team gear, aircards, etc.



Healthy and Safe Community: Jail Diversion

- Arnold Fdn. Public Safety Assessment (PSA) Grant
 - June: site visit by technical assistance team
 - July: grant kick-off seminar in Montgomery, AL
 - Monthly thereafter: technical assistance team site visits
 - Early 2020: target date for PSA launch
- Pre-trial Electronic Monitoring: continued funding for Court Improvement Board pilot (\$50K)
- Courts: replacement of Nomad technology system (\$90K)



Healthy and Safe Community: Emergency Medical Services

- Expansion of Emergency Medical Response capacity
 - Conover Crew expansion from 12 to 24 hours (\$214K)
 - Annualize 6 floater positions added current year (\$323K)
 - Annualize education/experience raises added current year (\$50K)
- Employee safety-focused Emergency Medical Response investments
 - Power Stretchers (\$137K)
 - Bullet-proof Vests (\$159K)
- Maintaining equipment replacement schedule
 - 4 ambulances, Animal Control truck



Healthy and Safe Community: Expanding Capacity and Service Levels of Fire Departments

District	Current Tax Rate	Revenue Neutral Tax Rate	Requested Tax Rate	Recom. Tax Rate	Prop. Tax Revenue Increase	Fund Balance Applied
Mountain View	.0750	.0718	.0718	.0718	10,099	26,650
Propst	.0620	.0598	.0620	.0620	13,322	-
St. Stephens	.1200	.1126	.1200	.1200	84,077	34,029
Conover Rural	.1100	.1046	.1200	.1100	3,779	267,554
Oxford	.0650	.0606	.0650	.0650	31,570	-
Sherrills Ford-Terrell	.1100	.1020	.1300	.1300	746,738	224,641
Bandys	.0820	.0780	.0780	.0780	25,176	87,193
Maiden	.0800	.0753	.0753	.0753	10,615	-
Claremont	.0900	.0885	.0900	.0900	4,042	-
Catawba	.1000	.0959	.1300	.1300	63,134	-
Longview	.0730	.0702	.1200	.0830	4,031	-
Newton	.1200	.1156	.1200	.1200	33,983	-
Cooksville	.0750	.0729	.0750	.0750	6,309	-
Hickory Rural	.1200	.1196	.1500	.1500	145,754	14,752

3 districts at rev. neutral; 7 districts at current; 4 districts increased



Healthy and Safe Community: Human Services

- Foster Care Stabilization (\$400K set-aside)
- Child Protective Services: advanced implementation of pay scale adjustment (\$176K)
- Public Health: continued implementation of LiveWell initiatives and Duke Endowment *Healthy People, Healthy Carolinas* (\$150K; grant funds)
- Public Health – CVMC Partnership: Inclusion of Conover School in School Nursing Program (\$80K add'l contribution)
- Partners BHM funding maintained



Quality of Life: Parks, Arts, Branding

Create synergy between the 3 major County parks by offering a distinct set of featured amenities at each location, taking into consideration complementary regional and local offerings.

- Mountain Creek Park Phase I: \$684K debt payment; \$8M construction
- Riverbend Park expansion activities underway
- Operations - staffing expansion planned for FY20/21: \$606K

Enhance awareness of cultural and arts assets and explore new opportunities and initiatives through partnership and collaboration.

- Continuation of Pop-Up Library Outreach
- Continued funding of outside agencies for arts & culture: Historical Assn., SALT Block, United Arts Council, Newton-Conover Aud., Convention & Visitors' Bureau, Visitors' Welcome Center



Investing in Facilities

- Board of Elections renovation: completion by 2020
- Register of Deeds / Criminal Investigations renovation: completion in Fall 2019
- Agricultural Resource Center: funding set-aside begins in FY19/20 (\$100K per year)



Maintaining Infrastructure

Capital:

- \$1M Technology server & desktop applications and security enhancements, infrastructure upgrades (roughly \$700K recurring; remainder 1-time)
- Public Health Adult Clinic renovations (\$35K; restricted revenue)
- Upgrading facilities with existing funds: Jail expansion, old Justice Center roof replacement, Newton Main and St. Stephens Libraries
- \$100K Facilities general renovations (recurring)
- Maintaining routine capital replacement cycle (equipment, vehicles)



Maintaining Operations & Services

- Recognizing employee customer service and productivity
 - 2% +\$400 added to base performance pay based on evaluations
 - 1% 401K
- Treasurer's mandatory LGERS increases: \$675K
- Competitive and cost effective employee benefits
 - NCHIP participation controls costs and spreads risk (5%, instead of 10% trend) - \$650K
 - Creation of new tier: Employee / 1 child
 - Biweekly health insurance premiums increase:
 - County – 5% increase (\$336K)
 - Employee – increase varies by tier from \$3 to \$40 (\$256K)





MAKING

LIVING

BETTER

May 10-22: BOC Review of Manager's Recommendation

May 23: BOC Budget Hearings with Departments and funded agencies

May 30: BOC public hearing and wrap up

June 3: BOC Adoption of FY19-20 Budget