

Cleveland County Board of Commissioners
May 5, 2020

The Cleveland County Board of Commissioners met in a regular session on this date, at the hour of 6:00 p.m. in the Commission Chamber of the Cleveland County Administrative Offices.

PRESENT: Susan Allen, Chairman
Ronnie Whetstine, Vice-Chair
Johnny Hutchins, Commissioner
Doug Bridges, Commissioner
Deb Hardin, Commissioner
Brian Epley, County Manager
Tim Moore, County Attorney
April Crotts, Deputy Clerk
Kerri Melton, Assistant County Manager
Elliot Engstrom, Deputy County Attorney
Lucas Jackson, Finance Director

CALL TO ORDER

Chairman Allen called the meeting to order and Vice-Chair Ronnie Whetstine, provided the invocation and led the audience in the Pledge of Allegiance.

AGENDA ADOPTION

ACTION: Commissioner Hutchins made the motion, seconded by Commissioner Hardin and unanimously approved by the Board to, ***approve the agenda as presented with the addition of Item 5 Cleveland County Re-Opening Plan.***

CONSENT AGENDA

APPROVAL OF MINUTES

The Clerk to the Board included the Minutes from the ***May 5, 2020 regular meeting***, in board members packets.

ACTION: Vice-Chair Whetstine made a motion, seconded by Commissioner Bridges, and passed unanimously by the Board to, ***approve the minutes as written.***

TAX COLLECTOR'S MONTHLY REPORT

The Tax Collector provided Commissioners with the following detailed written report regarding taxes collected during April 2020. The April 2020 Collection Report includes real estate taxes and vehicle taxes collected showing 97.10% which is lower than this time last year which was 97.72% collected.

TOTAL TAXES COLLECTED APRIL 2020			
YEAR	AMOUNT-REAL	AMOUNT-VEH	
DEF REV	\$0.00	\$0.00	
2019	\$262,799.65	\$0.00	\$262,799.65
2018	\$22,401.49	\$0.00	\$22,401.49
2017	\$12,481.27	\$0.00	\$12,481.27
2016	\$1,541.64	\$0.00	\$1,541.64
2015	\$525.67	\$0.00	\$525.67
2014	\$263.44	\$0.00	\$263.44
2013	\$597.66	\$82.61	\$680.27
2012	\$382.63	\$222.40	\$605.03
2011	\$232.82	\$148.37	\$381.19
2010	\$242.65	\$11.63	\$254.28
2009	\$0.00	\$0.00	\$0.00
TOTALS	\$301,468.92	\$465.01	\$301,933.93
DISCOUNT	\$0.00		
INTEREST	\$19,646.68	\$401.77	\$0.00
TOLERANCE	(\$9.09)	(\$0.71)	
ADVERTISING	\$1,103.72	\$185.16	
GARNISHMEN	\$8,445.17		
NSF/ATTY	\$0.00		
LEGAL FEES	\$0.00		
TOTALS	\$330,655.40	\$1,051.23	\$331,706.63
MISC FEE	\$0.00	\$0.00	
TAXES COLL	\$330,655.40	\$1,051.23	\$331,706.63
DEF	\$1,940.40	\$2,010.86	\$0.00
DISC	(\$6.55)	\$332,666.26	\$1,051.23
TOL	\$0.00		\$333,717.49
INT	\$77.01		
TOTAL TAXES UNCOLLECTED APRIL 2020			
	AMOUNT-REAL	AMOUNT-VEH	COMBINED AMT
2019	\$2,694,030.61	\$0.00	\$2,694,030.61
2018	\$763,538.73	\$0.00	\$763,538.73
2017	\$400,415.30	\$0.00	\$400,415.30
2016	\$254,139.74	\$0.00	\$254,139.74
2015	\$186,191.42	\$0.00	\$186,191.42
2014	\$173,638.83	\$0.00	\$173,638.83
2013	\$123,928.39	\$62,340.43	\$186,268.82
2012	\$95,361.70	\$69,967.45	\$165,329.15
2011	\$73,157.66	\$53,162.44	\$126,320.10
2010	\$66,094.50	\$52,383.23	\$118,477.73
2009	\$0.00	\$0.00	\$0.00
	\$4,830,496.88	\$237,853.55	\$5,068,350.43
DEF REV	\$251,897.04	\$0.00	\$251,897.04
TOTAL UNCOLLECTED	\$5,082,393.92	\$237,853.55	\$5,320,247.47

SHERIFF DEPARTMENT: BUDGET AMENDMENT (BNA #057)

ACTION: Vice-Chair Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, ***approve the following budget amendment:***

<u>Account Number</u>	<u>Project Code</u>	<u>Department/Account Name</u>	<u>Increase</u>	<u>Decrease</u>
010.438.4.310.00		Sheriff's Office Grants/ Fed Govt Grants	\$2,780.00	
010.438.5.211.00		Sheriff's Office Grants /Controlled Equipment	\$2,780.00	

Explanation of Revisions: Request to budget 2019 Bulletproof Vest Partnership grant.

SOCIAL SERVICES: BUDGET AMENDMENT (BNA #058)

ACTION: Vice-Chair Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, ***approve the following budget amendment:***

<u>Account Number</u>	<u>Project Code</u>	<u>Department/Account Name</u>	<u>Increase</u>	<u>Decrease</u>
011.519.4.310.00	93568-P372	Public Assistance/ Federal Govt Grants	\$19,309.00	
011.519.5.512.00		Public Assistance/ LIEAP	\$19,309.00	

Explanation of Revisions: Budget Amendment necessary to accept a One Time supplement for LIEAP funds for FY 2019/2020. The additional monies are the result of underutilized funds.

HEALTH DEPARTMENT: BUDGET AMENDMENT (BNA #059)

ACTION: Vice-Chair Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, ***approve the following budget amendment:***

<u>Account Number</u>	<u>Project Code</u>	<u>Department/Account Name</u>	<u>Increase</u>	<u>Decrease</u>
012.540.4.310.40		WIC/ Federal Grants-WIC-CS	\$19,309.00	
012.540.5.210.00		WIC/ Dept Supply-WIC-SC	\$19,309.00	
012.540.5.910.00		WIC//Capital Equipment-WIC-CS	\$ 612.00	

Explanation of Revisions: Budget additional WIC Special Funding to assist with COVID-19 barriers. NCDHHS increased funding from the original approval amount of \$17,289 to \$20,812. These funds will be used to upgrade laptops and purchase additional supplies. Budget the difference of \$3,523.00 in appropriate accounts needed.

EMERGENCY MANAGEMENT: BUDGET AMENDMENT (BNA #060)

ACTION: Vice-Chair Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, ***approve the following budget amendment:***

<u>Account Number</u>	<u>Project Code</u>	<u>Department/Account Name</u>	<u>Increase</u>	<u>Decrease</u>
010.445.4.310.00		Emergency Management/ Fed Govt Grants	\$12,696.00	
010.445.5.910.00		Emergency Management /Capital Equipment	\$12,696.00	

Explanation of Revisions: To Budget funds received from NC Department of Public Safety to purchase pallet lift and other equipment to support the preparation for and the prevention of COVID-19 public health emergency.

PROJECT SNEAKERS GRANT RESOLUTION

Project Sneakers Grant Resolution reflects job and investment projections for the next two years and updates all figures associated within that timeframe. It has been determined this project intends to create over the next two (2) years, approximately forty-six (46) new, permanent full-time jobs with an annual average wage of Fifty Thousand Eighty-Seven dollars (\$50,087) and anticipates creating approximately Thirty Million Five Hundred Thousand dollars (\$30,500,000) in net new capital investment, which will increase the population, taxable property base and business prospects for the County.

ACTION: Vice-Chair Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, ***approve the following Resolution:***



Resolution

08-2020

Resolution in Support of the Project Sneakers Grant Programs

WHEREAS, it has been determined by this Board that **PROJECT SNEAKERS** intends to create, over the next two (2) years, approximately forty-six (46) new, permanent, full-time jobs with an annual average wage of Fifty Thousand Eighty-Seven dollars (\$50,087) in Cleveland County;

WHEREAS, **PROJECT SNEAKERS** anticipates creating approximately Thirty Million Five Hundred Thousand dollars (\$30,500,000) in net new capital investment, which will increase the population, taxable property base, and business prospects of Cleveland County;

WHEREAS, with the aforementioned expansions, **PROJECT SNEAKERS** qualifies for the OneNC Grant Program in which **PROJECT SNEAKERS** is eligible to receive up to a One Hundred Fifty-Thousand dollars (\$150,000) OneNC Grant upon approval of a \$1 for \$3 grant local match;

WHEREAS, with the aforementioned expansions, Cleveland County qualifies for the North Carolina Department of Commerce, Rural Economic Development Division, Building Reuse Grant Program in which **PROJECT SNEAKERS** is eligible to receive up to a Three Hundred Sixty Thousand dollars (\$360,000) Building Reuse Grant upon approval of a five percent (5%) grant local match;

WHEREAS, the project in the grant application includes the acquisition and improvement of real property and tangible personal property, totaling approximately Thirty Million Five Hundred Thousand dollars (\$30,500,000);

WHEREAS, it is in the public interest to provide assistance as authorized by North Carolina General Statute 158-7.1;

NOW, THEREFORE BE IT RESOLVED, for the reasons recited above, that the Cleveland County Board of Commissioners hereby authorizes the County Manager to submit a OneNC grant application and a Building Reuse Program grant application and provide a grant match to qualify **PROJECT SNEAKERS** for these North Carolina Department of Commerce Incentive Programs.

Adopted this the 19th day of May, 2020.

By: Susan Allen
Susan Allen, Chairman
Board of Commissioners of Cleveland County


ATTEST:
April Crofts
April Crofts, Deputy Clerk
Cleveland County Board of Commissioners



SUBSTANTIAL EQUIVALENCY RESOLUTION

The Substantial Equivalency Resolution is to create a record of the Board of Commissioners requesting substantial equivalency from Office of State Human Resources. The resolution will be used to assess and proceed, if necessary, with the basic requirements for a substantial equivalent personnel system.

ACTION: Vice-Chair Whetstine made a motion, seconded by Commissioner Bridges, and unanimously adopted by the Board to, ***approve the following Resolution:***



Resolution

09-2020

Resolution To Seek a Determination as to Whether Articles I, II, III, and IV of the Cleveland County Personnel Ordinance Meet The Requirements For Substantial Equivalency With the State Human Resources Act

WHEREAS, at its April 7, 2020 regular meeting, the Cleveland County Board of Commissioners approved changes to Articles I, II, III, and IV of the Cleveland County Personnel Ordinance to assess and proceed, if necessary, with the basic requirements for a substantially equivalent personnel system as outlined in 25 N.C.A.C. §§ 2401 and 2402; and

WHEREAS, N.C.G.S. § 126-11 allows the County to establish a personnel system for all employees subject to its jurisdiction with prior approval by the State Human Resources Commission as substantially equivalent to the standards established; and

WHEREAS, the Cleveland County Board of Commissioners may petition the State Human Resources Commission requesting substantially equivalent status; and

WHEREAS, the State Human Resources Commission is authorized to promulgate rules and regulations to implement the federal merit system standards and these regulations at a minimum shall include: recruitment and selection of employees; position classification; pay administration; training; employee relations; equal employment opportunity; and records and reports; and

WHEREAS, the staff and resources are available to Cleveland County to maintain a substantially equivalent human resources system in the areas of Recruitment, Selection, and Advancement; and Classification and Compensation; and

WHEREAS, Cleveland County seeks a determination of substantial equivalency in the areas of Recruitment, Selection, and Advancement; and Classification and Compensation.

NOW THEREFORE, BE IT RESOLVED THAT that the Cleveland County Board of Commissioners approves and supports this resolution requesting that the North Carolina Human Resources Commission determine if Cleveland County meets the requirements for substantially equivalency with the State Human Resources Act in the areas of Recruitment, Selection, and Advancement; and Classification and Compensation.

Adopted this the 19th day of May, 2020.

By: Susan Allen
Susan Allen, Chairman
Cleveland County Board of Commissioners

ATTEST:

April Crofts
April Crofts, Deputy Clerk
Cleveland County Board of Commissioners



REGULAR AGENDA

FY 2020-21 COUNTY MANGER’S RECOMMENDED BUDGET

Chairman Allen called County Manager Brian Epley to the podium to present the FY 2020 – 2021 County Manager’s Recommended Budget. Mr. Epley explained after this evening’s meeting, the budget will be available for public review over the next two weeks. A public hearing is scheduled for the June 2, 2020 Regular Commissioners Meeting. At that time, the Board can either make changes and approve or deny the recommended budget.

Mr. Epley presented the following Powerpoint:

CLEVELAND COUNTY BUDGET
LOOKING TOWARD
FY 20-21

ReAct / ReBuild / ReThink

FY 20-21 Commissioner’s Strategic Plan

- FOCUS AREA: CITIZEN ENGAGEMENT**
To implement outreach strategies that reflect who we are, and inspire people to be part of it.
- FOCUS AREA: ECONOMIC DEVELOPMENT**
To actively bring people to Cleveland County through recruitment of new industry, creating a healthy business climate for existing businesses and growing Cleveland County as a tourist destination.
- FOCUS AREA: FISCAL SUSTAINABILITY**
To be a high-performing organization that effectively uses resources to provide high quality service to our residents.
- FOCUS AREA: PUBLIC SAFETY**
To ensure the safety of our residents through efficient and effective public safety agencies.
- FOCUS AREA: COMMUNITY WELLNESS**
To promote physical activity, healthy eating, and positive relationships within families.

Organizational Budget Planning

Cleveland County Pre-COVID → COVID-19 → Re-Act → Re-Build → Re-Think

Budget Timeline Of Events

November 2019: BOCC Capital Work Session
December 2019: Annual Program & Budget Development
January 2020: BOCC Strategic Planning & Work Session
February 2020: BOCC Strategic Planning & Work Session
March 2020: COVID-19 Impact
April 2020: COVID-19 Impact
May 2020: COVID-19 Impact
June 2020: COVID-19 Impact
July 2020: COVID-19 Impact
August 2020: COVID-19 Impact
September 2020: COVID-19 Impact
October 2020: COVID-19 Impact
November 2020: COVID-19 Impact
December 2020: COVID-19 Impact
January 2021: COVID-19 Impact
February 2021: COVID-19 Impact
March 2021: COVID-19 Impact
April 2021: COVID-19 Impact
May 2021: COVID-19 Impact
June 2021: COVID-19 Impact
July 2021: COVID-19 Impact
August 2021: COVID-19 Impact
September 2021: COVID-19 Impact
October 2021: COVID-19 Impact
November 2021: COVID-19 Impact
December 2021: COVID-19 Impact

Pre-COVID Budget Summary

Budget Flexibility:	
Tax Base Growth	\$ 1,700,000
DFBIS Reduction (ERIP)	\$ 1,200,000
Re-Engineering (year 6)	\$ 345,000
Additional Available Dollars	\$ 3,245,000
Employee Compensation	\$ 900,000
Employee Wellness	\$ 450,000
Community College	\$ 150,000
3 New FTE – Denton	\$ 145,000
LGERS Increase	\$ 405,000
Public Safety Capital	\$ 600,000
Shell Building III	\$ 338,000
Total Allocation	\$ 3,007,000
Available for Prioritization	\$ 238,000

Pre-COVID Project Summary

Automation (+\$94k annually)
Data Security (+\$14k annually)
Transparency (+\$29k annually)

2025 Systems Planning

- Board of Elections Capital Expansion
- Doran Mill Property Development
- Jail Expansion, Shelby Star Development, Courthouse
- Housing Study – Inclusionary Policies
- Municipal Infrastructure Development (Grover)
- Other MFP Deliverables
- Robust Technology Investments
- Industry Leading Employee Investments
- Innovative “place-making” investments
- Economic Development Land Acquisition & Development

COVID-19 IMPACT

Reality Just Ahead

Post-COVID Budget Summary

Budget Flexibility:	
Tax Base Growth	\$ 1,700,000
DFBIS Reduction (ERIP)	\$ 1,315,541
Re-Engineering (year 6)	\$ 345,000
Severely Fund Balance Drawdown	\$ 1,026,492
Available Dollars	\$ 4,387,033
Revenue Loss	\$ 2,000,000
Employee Wellness	\$ 900,000
3 New FTE – Denton	\$ 145,000
LGERS Increase	\$ 405,000
Public Safety Capital	\$ 600,000
Shell Building III	\$ 338,000
Operational Cost Changes	\$ 300,000
Total Allocation	\$ 4,297,000

FY 20-21 Budget Goals & Objectives

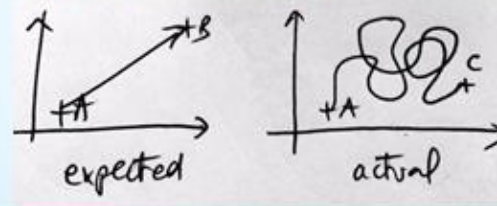


- A. Evaluate Federal and State Economic Outlook
- B. Current Year Strategies
 - 1.Re-Act – Focus on Stabilizing
 - 2.Re-Build– Mobilize and Re-Prioritize for 2020 and Beyond
 - 3.Re-Think – More Intense Focus on Re-Design & Operational Efficiencies
- C. Emerging Issues

There is No Single “Right” Answer



- There is no single “right” answer
- Every Person & Every Decision Creates Impact & Matters
- Discipline / Communication / Commitment



The COVID-19 Recession: Much of the Economy Immediately Shut Down



- About 95% of population, about 306 million people, are under stay-at-home orders
- Consequently, economic activity has been greatly decreased
- Local governments depend on economic activity for tax revenues

Local Government Revenue Impacts Vary by Source



Mobility Public Movement Cleveland County



2020-2021 Economic Outlook



Economic Indicators



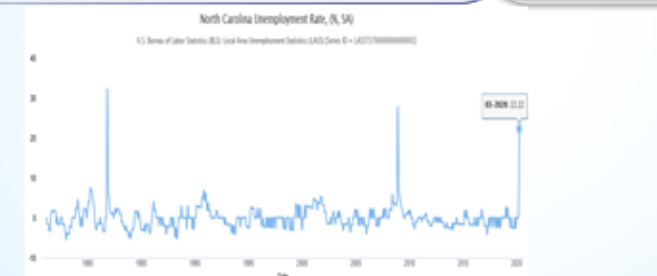
Economic Indicators

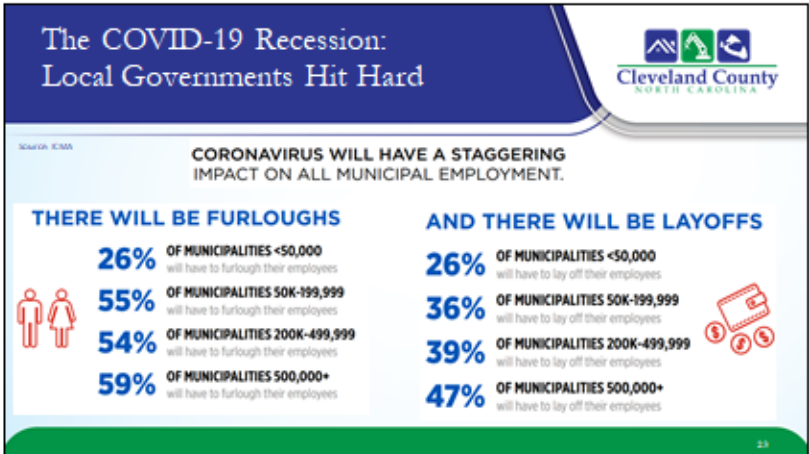
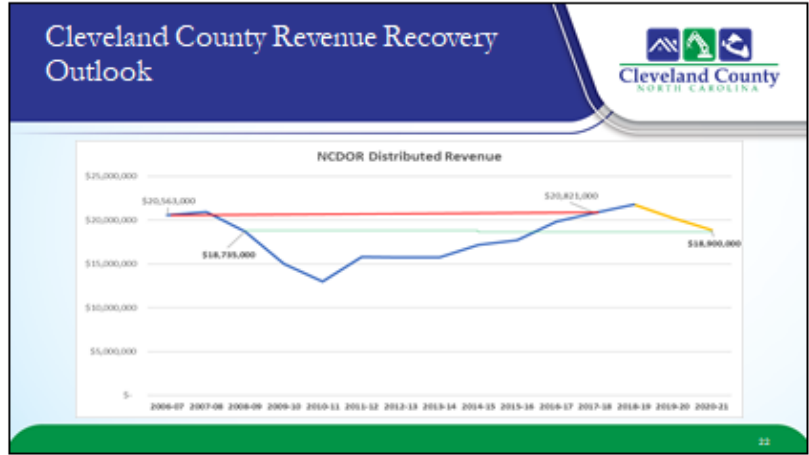
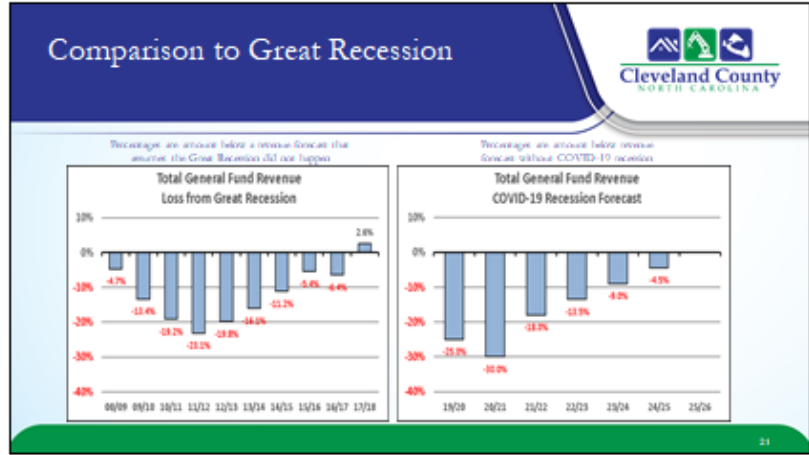
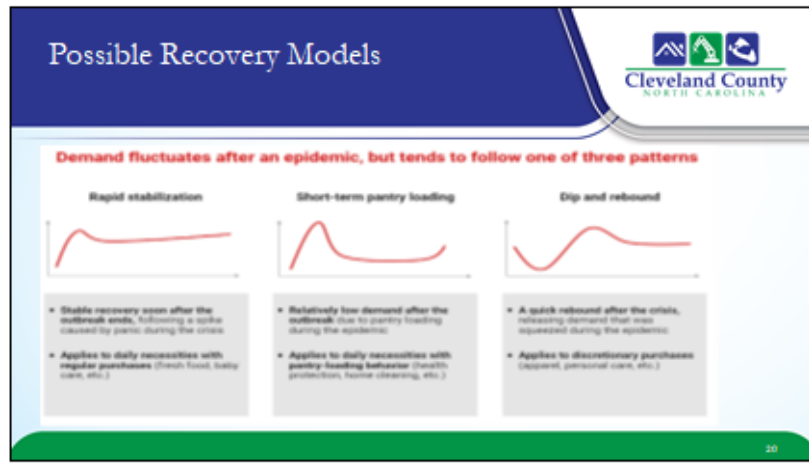
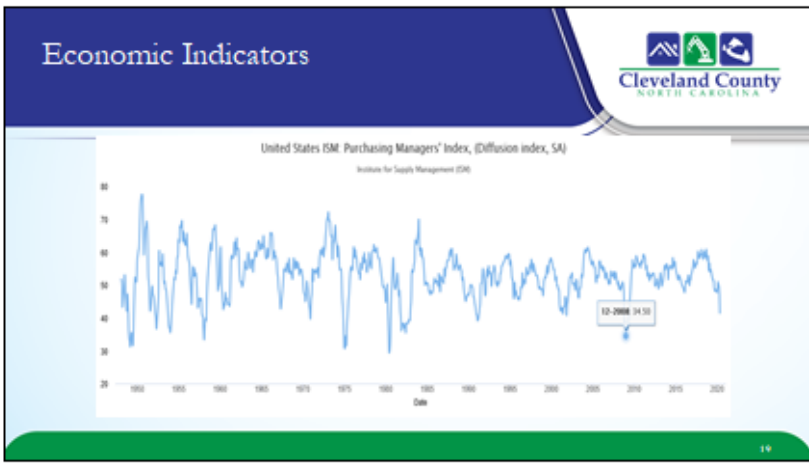


Economic Indicators



Economic Indicators





Cleveland County FY2020-2021 Budget

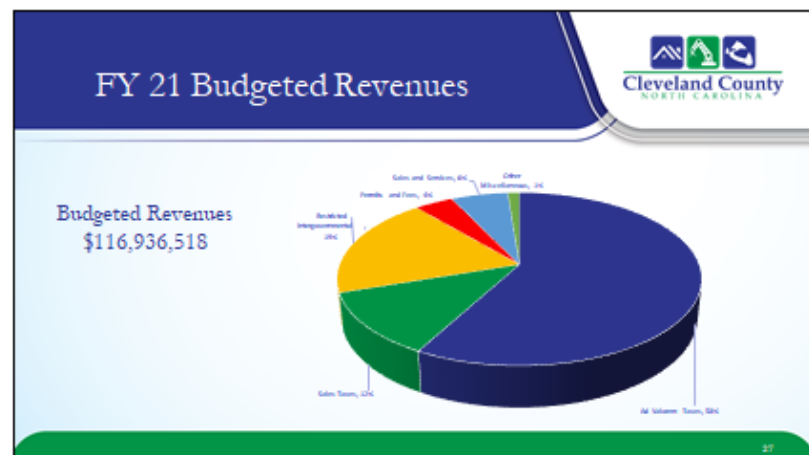
FY21 Opportunities and Challenges

OPPORTUNITIES

- Tax Base Growth (Clearwater)
- Residential Support
- Available Loan Programs
 - Real Estate LEO/Police
 - COVID-19 Relief/Recovery
 - Electrical/Employee Time Clock Case
- Operational Efficiency Improvement
 - Process Improvement/MSRP
 - Energy Optimization
 - Resource Management

CHALLENGES

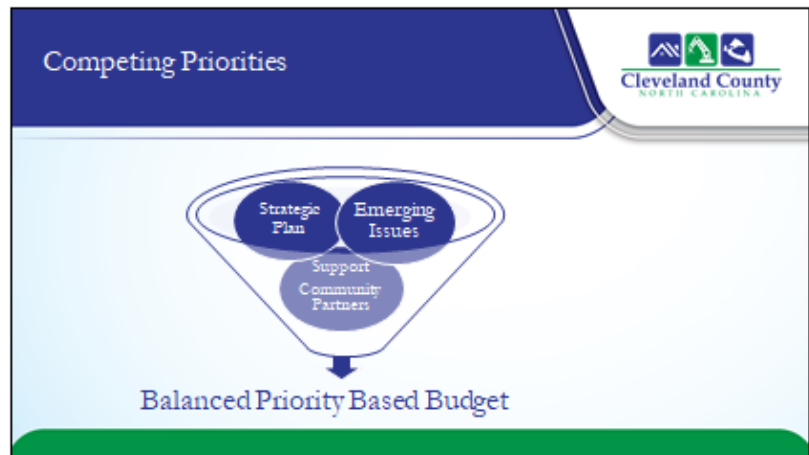
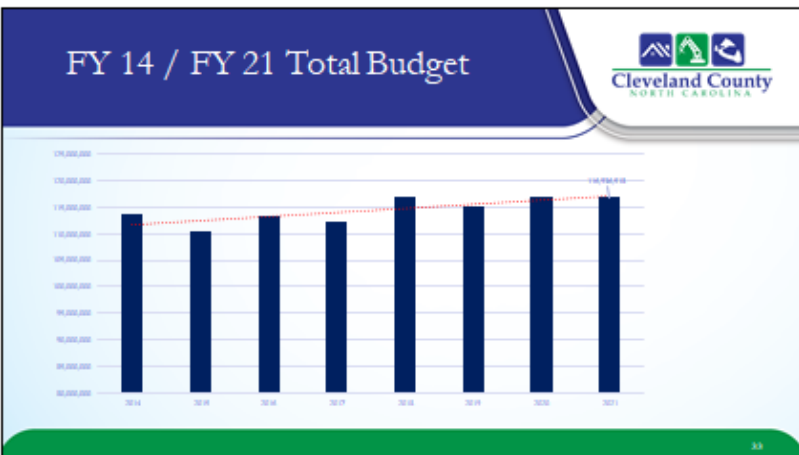
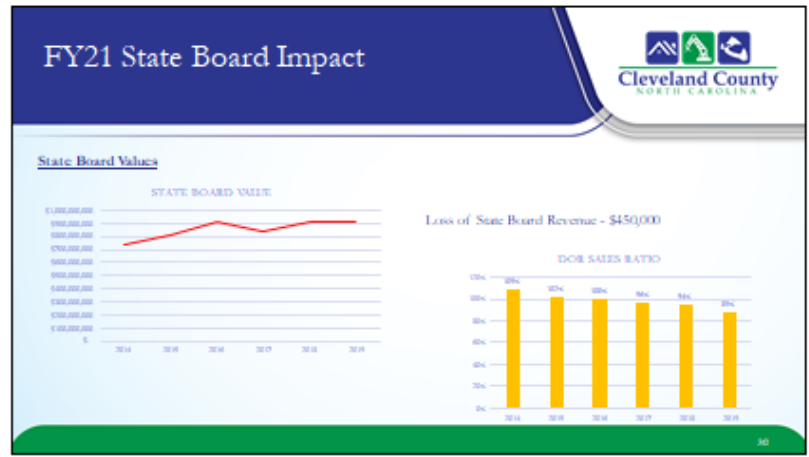
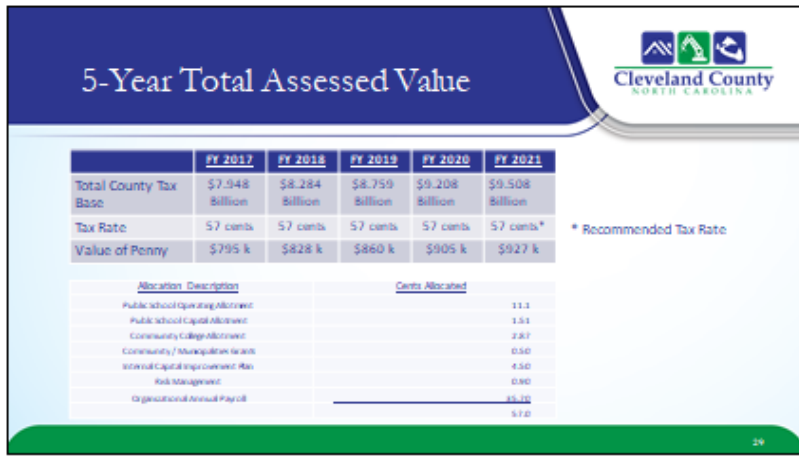
- Revenue Reduction
 - COVID-19 Impact
 - Municipal Growth
 - NECRA Adm. Rate
- Capital Improvements/Planning
 - Public Access Improvements
 - Public Access Operational Capital
 - Other Operational Maintenance
- Personnel Management
 - Employee Compensation
- Risk Management
 - Employee Safety
 - Weather/Environmental
 - Operational/Legal Liability



Change in Assessed Value

Tax Year	Change in Assessed Value
2012	4.58%
2013	6.68%
2014	6.16%
2015	2.10%
2016	-3.69%
2017	1.54%
2018	3.39% (NTE)
2019	4.15% (Clearwater)

Budgeted 2020	Change
Clearwater Phase II	↑ 2.20 %
Natural Base Growth	↑ 1.89 %
DOR (State Board)	↓ 1.0 %
Net Total 2020	↓ 3.98 %



FY 20-21 Community Partners

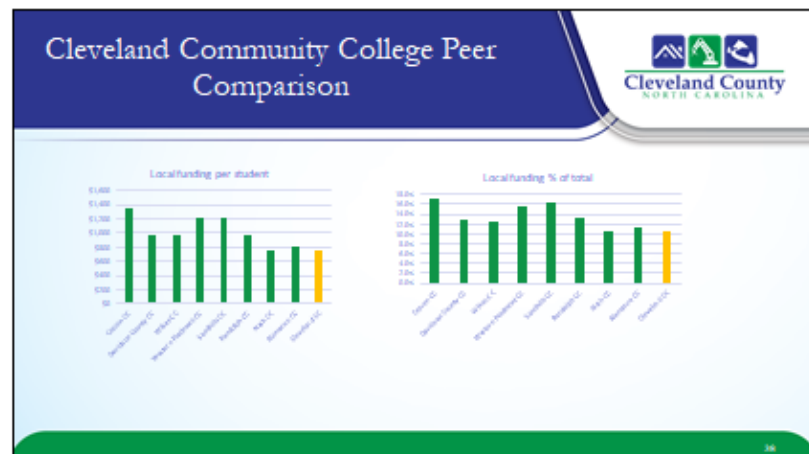
Municipal Operating Allotments

	FY1718 Budget	FY1819 Budget	FY1920 Budget	FY2021 Recommended
Ragsdale	\$ 47,291	\$ 47,291	\$ 47,291	\$ 47,291
Robbinsville	12,843	12,843	12,843	12,843
Waynesville	11,811	11,811	11,811	11,811
Waynesville	9,347	9,347	9,347	9,347
Waynesville	8,089	8,089	8,089	8,089
Waynesville*	7,895	7,895	7,895	7,895
Waynesville	7,428	7,428	7,428	7,428
Waynesville	6,966	6,966	6,966	6,966
Waynesville	6,499	6,499	6,499	6,499
Waynesville	5,912	5,912	5,912	5,912
Waynesville	5,445	5,445	5,445	5,445
Waynesville	5,125	5,125	5,125	5,125
Waynesville	4,774	4,774	4,774	4,774
Waynesville	4,400	4,400	4,400	4,400
Total	\$ 147,048	\$ 147,048	\$ 147,048	\$ 147,048

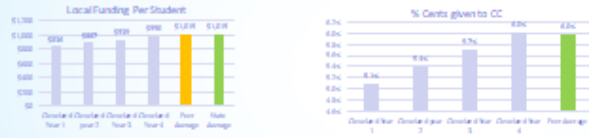
Partnering Agency Allotments

CLEVELAND COUNTY, NORTH CAROLINA ALLOTMENT ANALYSIS FOR THE BUDGET YEAR ENDED JUNE 30, 2021

Allotment	BUDGETED ACTUAL			RECOMMENDED	
	FY18 Budget	FY1819 Budget	FY1920 Budget	FY2021 Recommend	% Change from FY
30 Non-Profit Agencies	\$ 4,772,143	\$ 4,772,143	\$ 4,772,143	\$ 4,772,143	143%



Cleveland Community College Five Year Funding Plan



Community College Five-Year Funding Plan

FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
\$2,283,872	\$2,433,872	\$2,433,872	\$2,583,872	\$2,733,872	\$2,883,872

Cleveland County Schools Funding



	FY20	FY21
Property Tax Revenue	\$13,467,648	\$13,937,099
Sales Tax Revenue	\$3,700,000	\$3,293,750
Local Operational Appropriation	\$10,250,000	\$10,250,000
Local Capital Appropriation	\$1,400,000	\$1,400,000
State Restricted Capital Appropriation	<u>\$1,450,000</u>	<u>\$1,450,000</u>
Total	\$30,267,648	\$30,330,849

Cleveland County Schools	2017	2018	2019	2020	2021
Per Pupil Funding	\$1,904	\$1,923	\$1,975	\$2,017	\$2,151

FY 20-21 Strategic Plan Focus Areas

FISCAL SUSTAINABILITY



- Continued momentum toward Employer of Choice
- Complete Software Upgrade to improve business intelligence and customer service
- Facility Master Plan Process
- Fund Balance Growth > 18%
- Re-engineering Innovation & Implementation

Fiscal Sustainability Metrics

- Re-Engineering
- Personnel Requests
- Employee Compensation
- Employee Wellness

FY21 Re-engineering Summary (Year 6)

1. Position Justification..... TBD
2. Energy Optimization.....\$ 100,000
3. Revenue Maximization.....\$ 220,000

Position Justification

- Position Justification – 2 Year Cost Avoidance – 22 FTEs (\$1.2M/d)
- Early Retirement Phase I Summary
 - 39 Participants from Health and Social Services
 - Reduced FTE positions by 20
 - \$1.2M/d in salary reduction

Energy Optimization

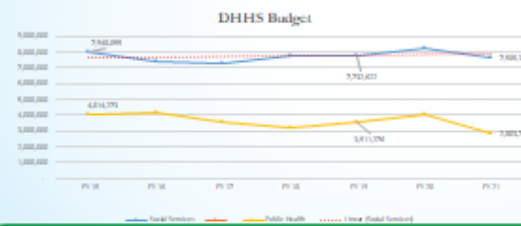
Building	One-Time Cost of Replacement	Estimated Annual Savings
Administrative	\$10,000	\$14,000
Library	\$8,000	\$12,400
LeGrand Center	\$8,000	\$5,700
Courthouse Annex	\$3,000	\$6,400
Detention Center	\$31,000	\$11,500
LeGrand Center	0	\$50,000
Total	\$59,500	\$100,000

Revenue Maximization

Department	Description	Current Operational General Fund Support	Annual Fiscal Impact
Social Services	Fac/State Revenue • Time Allocation/Coding • Indirect Cost	3%	\$ 75,000
LeGrand Center	Levyl % Increase in Base Rate	2%	\$ 40,000
Building Inspection	• Mobile Home Inspection Fee(\$150 - \$50) • Truck Permits (\$50 - \$75) • Commercial Multiple (202 - 205)	2%	\$ 60,000
Shooting Complex	\$2 Increase in daily rate (\$10 - \$12)	3%	\$ 40,000
	Total		\$ 215,000

Health and Human Services Budget Timeline

- Reduction of \$1,535,541 from FY 20
- No Reduction in service
- > 15 % Reduction since 2014



Employee Wellness Investment

- \$8,600,000 Employer Only Obligation
- No Family Coverage Changes in a decade
- 24 Month Regional Medical Inflation > 10%
- 1,150 Total Covered Lives
- FY 20-21 Wellness Investment Projection - \$500,000 (5.5%)



Diabetes / Cardio Vascular Category Spend Change (%)

Current Period: February 2019 - January 2020

Customer	Start Date	Engagement(%)	Spend Change (%)
Sanford	7/1/2017	45%	-37%
Cleveland	7/1/2017	80%	-17%
Rowan	7/1/2018	53%	13%
Lincoln	7/1/2018	51%	16%
Edgecombe	7/1/2018	35%	44%
Halifax	2/1/2019	33%	53%
Wayne	7/1/2019	37%	60%
Salisbury	5/1/2018	44%	70%
Customer Avg.		47%	25%
5-Year Trend*			26%

ER Utilization Spend Change (%)

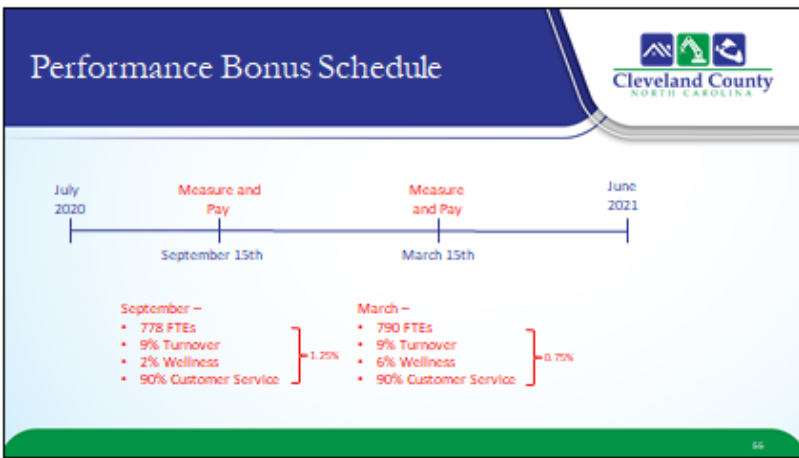
Current Period: February 2019 - January 2020

Customers	Start Date	Change (%)	Total Health Plan Spend (%)
Edgecombe	7/1/2018	-39%	10%
Cleveland	7/1/2017	-17%	9%
Lincoln	7/1/2018	4%	6%
Wayne	7/1/2019	19%	8%
Sanford	7/1/2017	25%	5%
Rowan	7/1/2018	25%	7%
Salisbury	5/1/2018	41%	8%
Halifax	2/1/2019	61%	5%
Average		15%	7%

Personnel Requests

FTE Request	Count	Projected Cost
Communications	2	\$ 61,000
EMS	2	\$ 128,000
Sheriff	3	\$ 127,000
Detention	3	\$ 145,000
Total Request	10	\$ 461,000

Recommended:	Count	Projected Cost
Detention	3	\$ 145,000



- ### Employee Base Compensation
- Additional FTE Compensatory Increase of 1% - Effective 1/1/21
- IE-**
- 6/30/2020 Audit Submission to LGC does not have significant fund balance draw down
 - Cleveland County revenue collections exceed expectations between July and December 2020


PUBLIC SAFETY

- Maintain support for County Volunteer Fire Departments
- Take a proactive approach to cleaning up dilapidated properties throughout Cleveland County
- Review of existing animal services ordinance
- Evaluate options for expanding internet services to under-served areas of the County

FY21 Public Safety Budget Summary

Department	FY 14-15	FY 19-20	FY 20-21	% Change
Detention Center	\$4,333,130	\$6,081,000	\$6,489,424	4.4%
Sheriff's Department	\$7,011,630	\$9,318,546	\$9,891,020	6.1%
Emergency Medical Service	\$6,462,508	\$7,385,043	\$7,561,318	(-3.2%)
Emergency Management	\$480,341	\$397,676	\$391,526	(-1.5%)
E-911/Communication	\$1,400,400	\$1,207,075	\$1,310,720	3.4%
Total Public Safety Budget	19,688,009	24,489,290	25,844,527	

FY21 Volunteer Fire Department Allotment



	FY 19-20		FY 2021				
	Original Funding	Actual	Actual Capital	Personal Budget	Operations Allotment	Operations Allocation	Total FY 20-21
Adrian	\$ 4,128	154%	\$ 8,000	\$ 10,000	\$ 19,000	\$ 17,265	\$ 46,265
Beaufort	\$ 2,250	75%	\$ 8,000	\$ 10,000	\$ 19,000	\$ 17,500	\$ 42,500
Carroll	\$ 2,150	75%	\$ 8,000	\$ 10,000	\$ 19,000	\$ 18,570	\$ 43,570
Chatham	\$ 4,450	155%	\$ 8,000	\$ 10,000	\$ 19,000	\$ 17,500	\$ 44,500
Clay	\$ 4,307	148%	\$ 8,000	\$ 10,000	\$ 19,000	\$ 17,267	\$ 48,267
Crawford	\$ 2,050	71%	\$ 8,000	\$ 10,000	\$ 19,000	\$ 15,966	\$ 38,966
Edwards	\$ 4,043	140%	\$ 8,000	\$ 10,000	\$ 19,000	\$ 15,453	\$ 42,453
Franklin	\$ 2,145	75%	\$ 8,000	\$ 10,000	\$ 19,000	\$ 14,455	\$ 37,455
Greene	\$ 2,550	85%	\$ 8,000	\$ 10,000	\$ 19,000	\$ 14,119	\$ 39,119
Haywood	\$ 4,100	140%	\$ 8,000	\$ 10,000	\$ 19,000	\$ 15,422	\$ 42,422
Total	\$ 4,810,000		\$ 80,000	\$ 1,000,000	\$ 1,600,000	\$ 510,100	\$ 4,790,100

ECONOMIC DEVELOPMENT




- Continue to support local farmers in their efforts to expand agriculture industry in Cleveland County
- Create and promote innovative workforce development efforts
- Analyze and perform site development efforts and proactively plan for future product development
- Develop a strategic plan for travel tourism and work to create a more cultivating retail environment

COMMUNITY WELLNESS




COMMUNITY WELLNESS

- Strategic Focus on Improving Community Health Rankings
- Actively Engaging the Fight Against Opioids
- Work to Expand Satellite Farmers Market Options
- Innovative Community Investments into Community Quality of Life Improvements
- Investment into County owned Trail Systems


CITIZEN ENGAGEMENT




COMMUNITY WELLNESS

- Evaluation of Housing Study & Policy Development that Encourages Residential Expansion
- Continuation of Mayors Roundtable
- Evaluation of County-Wide Commercial Waste Hauler
- Focus on External Outreach to Increase Veteran Services
- Continuation of Community Development including Youth Services, Career Counseling, Communication

FY 20-21 Emerging Issues




Continued & Emerging Issues




- Policy Development**
 - Employee Comp Policy
 - Substantial Equivalency
 - 36 Pay Periods
 - Electronic Timekeeping
 - Housing Inducement
 - Animal Services Ordinance
- Risk Management**
 - Operational/Legal Liability
- Economic Management**
 - Revaluation
 - Recession Ready
- Major Capital Improvement Planning**
 - Jail Expansion
 - ERP Completion
 - Court Building
 - Social Services Building
 - Museum Roof
- Operations**
 - Jail Population
 - Remote Workplace
 - Safe Re-Opening
 - COVID-19 Relief Funding

COVID-19 Relief Funding




- North Carolina House Bill 1043 – 2020 COVID-19 Recovery Act
 - Funding Formula (CSMB)
 - Base Allocation.....\$ 250,000
 - Per Capita Allocation.....\$1,893,630
 - Total**.....\$1,843,630
- Not Part of FY 21 Budget
- Revenue Replacement is not-allowable / Allowable Costs can not be in existing County budget
- Procurement must be tied to COVID-19 public health emergency & identified by 12/30/20

COVID-19 Relief Funding




- North Carolina House Bill 1043 – 2020 COVID-19 Recovery Act
 - Cleveland County Relief Funding Allocation
 - Public Health / Emergency Mgt PPE Procurement
 - Remote Workplace Technology
 - Community Relief Fund
 - Foster Care Congregate Living Cost
 - Emergency 911 Over-time pay
 - Safe Re-Opening Task Force (PPE, Marketing Materials, Etc.)

FY20-21 Solid Waste Budget



Solid Waste Budget Summary



Total Revenue - \$ 10,694,026

Total Expense - \$ 10,694,026

Convenience Center Site Improvement

- Lighting
- Safety Features
- Parking Lots

Solid Waste Capital Projects

2020 - Vertical Expansion C & D

2020 - Daily Cover Stockpile

2020 - Horizontal Expansion C & D

- Additional 20/30 year life

2020 - Beginning Design of Single Entrance (closing Airport Rd entrance)

- Preliminary Engineering Estimates \$2MM
- Process Improvements & Re-engineering Savings
- Separate Commercial vs. Residential C & D

Budget Timeline Of Events

Re-Act

- Complete Budget Update
- Plan for "cash hoarding"
- Re-evaluate Policy
- One Year Mitigation

Re-Build

- Re-Organize Services
- Re-evaluate Resources
- Re-Open
- Re-evaluate Mitigation

Re-Think

- Assess Delivery Model
- Long Term Process
- Financial Review
- Leverage Technology

Questions

Mr. Epley presented Board Members with a copy of the Budget Message, below are the highlights. The annual budget process brings together the unique combination of long-range financial planning and short-term deliverables. Due to the global pandemic caused by COVID-19, our budget team has been required to dramatically modify our original budget projections and priorities. These revised projections have, in turn, required the budget team to modify many of our preliminary assumptions and positions.

The basic framework for developing this budget recommendation shifted significantly between the Board of County Commissioners budget retreat in January and this final phase. This change is a result of the impact of the unprecedented coronavirus (COVID-19). Governments, organizations, and individuals across the globe have reacted quickly to abrupt changes in the health standards required to protect the life and health of people. The measures required to maintain such standards have resulted in extraordinary, unpredictable economic fluctuations and increased pressures on local government human services and public safety functions to help protect citizen health, wellness, and safety. Preparing a budget in such a climate presents many challenges. The fiscal landscape, while unprecedented, requires strategic approaches to ensure adequate resources are available to address critical life and safety issues while funding statutory mandates and requirements by county governments.

Throughout fiscal year 2020, I often talked about the county working in a “comfortably uncomfortable” environment. This meant focusing on capitalizing on the vibrant economy and Cleveland County’s strong financial position to establish a pace and momentum that delivers transformational change to County government and unprecedented Commissioner Strategic Plan results in an evolving landscape.

The 2021 fiscal year budget was framed with a focus on Resiliency Through Crisis. The execution and modeling plan relies on the foundation of a three phase re-entry strategy. Re-Act, Re-Build and Re-Think.

The rapid onset of COVID-19 in the midst of the annual budget development process means that a process that typically builds over six months has been re-set and adjusted over a six (6) week period. As we begin to recount our revenue portfolio, we are starting with projections that amount to a revenue shortfall of over \$1.8 million. For context, this represents slightly over 1.5 percent of the County's total revenue budget.

In March, our organization implemented swift financial strategies to help influence a "soft-landing" for the 2020 fiscal year by freezing positions, controlling budget spending levels for the current year, and delaying all capital. We will not receive data on economic revenues for the end of the 3rd and 4th quarter until late May or June 2020 and will not have significant revenue trending information until January of 2021. During that same period, we will have a better sense of property tax collection levels.

Over the next six months, we will manage the organization through increased spending controls while also preparing for the potential worst-case scenario in the event that revenues and COVID-19 related expenditures are worse than expected. The recommended budget does not include any mandatory across-the-board base budget "cuts". At the beginning of the next fiscal year, frozen positions will be temporarily transferred into a reserve to offset potential budget shortfalls. To achieve a balanced budget, an operational fund balance reduction of \$1.13 million is included. This budget also recognizes our most valued asset, Cleveland County's human capital. It is my desire to shield full-time employees from furloughs and layoffs. In the budget, I am very pleased to include a planned performance bonus of up to 2.5% for full-time employees.

I believe that we have positioned this organization to successfully navigate short to mid-term volatility while remaining a full-service local government.

The County's Balanced Budget Plan is a basic foundation that is to be built upon based on Board of Commissioner's direction. The foundation focuses on continuing to anticipate emerging issues and identifying available resources that can deliver tangible results. It is shaped by priority driven budgeting with a clear focus on strategic priorities that were developed through Board of Commissioners and community dialogue. The plan acknowledges the need to maintain the levels of service while we follow through implementation of the three-phase re-entry strategy and understand new issues on the horizon that are not part of current services or the current strategic plan.

Cleveland County has used strategic planning for many years to develop policy and financial decision-making to achieve the community desires and values. The 2020-2021 fiscal year's Strategic Plan is comprised of five (5) focus areas and then further defined with specific goals and objectives.

- 1.) Economic Development
- 2.) Community Education
- 3.) Public Safety
- 4.) Community Wellness
- 5.) Fiscal Sustainability

The Post-COVID budget modeling effort began with a careful review of the most recent estimate of the revenues expected to be received FY20. The County's FY20 overall estimated revenues are expected to perform at less than budgeted amounts – specifically due to a stagnant 4th quarter. Uncertainties remain high in the County's revenue projections that have been impacted by the Governors stay-at-home order. There are, however, several other key data indicators which drive our budgeted revenues. Total revenue in the General Fund is budgeted at \$116,936,518 – which is a mere \$83,633 or .1% increase from the prior fiscal year.

Revenue in the 2019-2020 fiscal year is expected to come in slightly lower than the budgeted level – primarily due to a collection percentage drop (COVID impact), while the forecasted 2020-2021 fiscal year amount is 3.08% greater. The total projected tax base for the upcoming budget is \$9.508 billion. This is a projected increase of approximately \$300,000,000 in value when compared to the previous year. Essentially, all of the property value growth is due to the development of Clearwater Paper, a paper company in Shelby, North Carolina. We have modified our tax collection rate for the 2020-2021 budget. This budget includes a collection rate of 97.5% compared to 98% in the previous year which translates to a projected net new revenue amount of approximately \$1,700,000 when calculated using a 57-cent tax rate and a 97.5% tax collection rate. One area of potential risk in next year's budget is motor vehicle tax base decline. Due to the inherent escalated depreciation schedule of registered motor vehicles (RMV) and the lack of new vehicle purchases during the pandemic, we are closely monitoring this revenue stream. The RMV value for Cleveland County is anticipated to be \$815MM.

Sales tax continues to be the County's second largest revenue. Included in the 2020-2021 fiscal year budget is sales tax revenue of \$9,987,500. Due to the COVID-19 recession, this represents an approximate twenty-percent (-20%) decline. This budgeted revenue number is equivalent to the 2015 fiscal year.

Between 2014 and 2018, Cleveland County experienced substantial growth in sales tax due to legislation distribution changes as well as a more robust local economy. This same time period has also experienced several economic development industry expansions. Industry expansions provide a “one time” sales tax revenue boost during construction.

Sales tax in Cleveland County is distributed through the Ad Valorem Method. One un-intended consequence of un-precedented economic development, specifically in municipalities, is lost sales tax revenue for Cleveland County. It is worth noting, that even Pre-COVID and aside from municipal growth, of the major state wide sales tax articles (39,40 & 42) there is a very clear and identifiable trend. The two (2) per capita articles (40 & 42) have seen a steady increase while the point of sale article (39) has seen a predictable decline. This could suggest that local sales tax has been inflated over the past few years by local construction projects like NTE, Clearwater, and Greenheck.

Not only are sales and use taxes distributed by the North Carolina Department of Revenue. Other revenue also impacted by the economic crisis (COVID):

- Scrap Tire Disposal
- White Goods
- Beer & Wine
- Telecommunications

These revenues have cumulatively been budgeted lower for the 2020-2021 fiscal year at \$18.9 MM. The total NCDOR budgeted revenue number is equivalent to the 2009 fiscal year.

Over the past five years, budgeted occupancy tax revenue has reflected very strong growth that occurred in travel and tourism. This was a combination of a strong economy and more county visitation. However, like sales tax, occupancy tax numbers have been inflated by major construction projects such as the Hwy 74 bypass as well as major industrial project. Since 2015 occupancy tax revenues have increased 40%. Industry experts are expecting less travel as a result of COVID-19. The 2020-2021 fiscal year budgeted revenue projection for occupancy tax is \$300,000- a decrease of 20%.

Inspection fee revenues increased in preceding years due to pent up demand after the recession. We anticipate activity to continue in the coming years with prospective housing projects and continued economic development activity. Included in the 2020-2021 budget is a fee adjustment for building inspections to better align with local and regional market rates.

	Previous	Recommended
• Mobile Home Inspection Fees	\$150	\$300
• Trade Permits	\$ 50	\$ 75
• Commercial Multiplier	.002	.003

In the 2020-2021 fiscal year, the inspection fee increase is projected to off-set any volume decline and revenue is projected to remain flat. The budget has a measured estimate of \$190,000. The operational subsidy percentage for the building inspection department is 52%.

Investment income is a barometer of strategic use of un-allocated resources. Staff are constantly in evaluation of 60, 90, & 120-day cash flow needs in order to maximize the investment portfolio. As a result of strategic management and increasing rates, investment income has grown approximately 1000% since 2014 (\$84,000 - \$1,000,000).

The County has appreciated this over whelming surge in investment income and that source has played a significant role in building the County's fund balance to 18.2%; however, due to the natural unpredictability and potential volatility of investment-based income, we have not been reliant on it as a budget balancing tool. The

2020-2021 fiscal year budget reflects a responsible investment income budgeted amount of \$650,000 – flat from the prior year budget, and a 35% decrease from actual expected amounts.

Federal revenues are predominantly located in the health and human services portion of the budget and are often based off of prescribed expenditure reimbursement rates. The federal revenue that is budgeted as part of the 2020-2021 fiscal year budget is approximately \$28MM. Due to the reimbursement nature of DHHS funding and matching requirements, the prime structural component of DHHS funding is the County's contribution requirement – which for the 2021 fiscal year is \$1.9MM lower at approximately \$10.3MM.

I began serving Cleveland County as Finance Director in 2014. At that time, the County's fund balance was 14.6%. It has been a continued goal of the County Commissioners to increase the County's fund balance to between 18-20%. Due to intentional budget management, service re-design, and expenditure re-engineering, FY 19 ended with a fund balance of 18.2%. Projections for the FY20 year-end are still proving to be a challenge, however, we are optimistic that the "soft landing" strategy will preserve the Board's goal of 18%. Included in the FY20/21 budget is a strategic fund balance draw down of \$1.3MM to balance the budget.

Cleveland County Government is committed to the fundamental principles of a High Performing Organization (HPO). One of the essential functions of an HPO is continuous self-reflection and rethinking of all activities and programs. One of our continued focuses is maintaining an innovative mind set of entrepreneurship in public service. Through our rethinking initiative we have been critical of projects, services, and business relationships that needed strengthened and those that needed abolished. Our team of department leaders and budget managers have exceeded expectations over the past 4 budgets – in 2014 the County had an overall General Fund Budget of \$113.5MM and the total appropriation for the 2020-2021 budget is approximately \$116.9MM.

Since that period, we have:

1. Increased staff salaries on average more than 22%
2. Improved all aspects of the employee health plan
3. Created employee tuition reimbursement plans
4. Developed a 20-year Master Facility Plan
5. System-Wide Enterprise Resource Planning (ERP Technology)
6. Increased public school funding
7. Strategic Land Acquisition
8. Doran Property Clean-Up
9. Open Public Shooting Complex
10. Added 40+ public safety employees

Budget re-engineering continues to be a cornerstone of Cleveland County's budget development. These strategies have created cost savings or cost avoidance of over \$15MM over the past five years. These savings have created the capacity for much of the accomplishments above. Several key re-engineering strategies are part of the 2020-2021 budget, including:

- a. Revenue Maximization

b. Phase II of Early Retirement Incentive Program (ERIP)

c. Energy Optimization Program

The overall appropriation of local funding for the Department of Social Services will be \$7,585,340. This represents a decrease from the prior year of \$689,448 and a decrease in three of the last four years. This reduction in cost comes independent and does not reflect any decrease in service delivery. These key changes have been navigated by the County's new Social Services Director, Katie Swanson. She has created a culture of high performance focused on doing more with less and continuation of NC Fast implementation. When fully staffed prior to 2020, Cleveland County DSS employed approximately 220 FTEs which equates to approximately 25% of the County workforce. Our goal is to manage that number do around 190 FTEs by December 2020. This goal was arrived by a careful study of key metrics as well as peer comparisons and would be accomplished through early retirement and attrition.

The overall appropriation of local funding for the Department of Public Health will be \$2,803,701. This represents a decrease from the prior year of \$1,258,701. The Public Health Department continues to lead the charge on improving the County health ranking and educating citizens on the importance of community wellness. The Public Health Department has approximately 130 FTEs.

In FY 21 we will continue to examine possible opportunities to gain efficiencies and implement the County's master facility plan. A continued top priority is evaluating alternatives for housing of Social Services, who continue to operate in a sub-standard and end of life building (1965). A non-funded priority in the County's 2020-2021 budget is to continue to evaluate the opportunity of re-locating social services and co-locating with public health. All other alternatives are also being evaluated.

As part of our prudent fiscal planning and preparation around COVID-19, all capital is currently on a six-month freeze and review. Included as an attachment of the budget is an updated formal 5-year CIP plan. The plan is intended to identify with a future orientation, upcoming capital needs (which are conceived from our Facility Planning and Long-Term Operational Strategies) and align those needs with proper funding resources – which for now are very limited. This type of policy direction and support from the Board of Commissioners is greatly appreciated by staff and recognized as true fiscal sustainability. As recently as 2017, Cleveland County received a bond rating upgrade from S&P/Moody's and is now AA+ - which ranks in the top 15% of all Counties in the State. This has proven critically important as we have remained aggressive in Economic Development with Shell Building financing and with Master Facility Planning Improvements.

Debt service management is another vital part of long-term planning and sustainability. The County has approximately \$60,000,000 in outstanding debt obligations. Of this \$60M, due to strategic management and innovative planning the County General Fund is only responsible for 37% of that amount. This debt percentage represents approximately 3.29 cents of the County's 57 cent tax rate. The remaining 63% of the debt obligations is

serviced from other Federal, State, and Local funding sources such as Lottery Funds. At his time, over 80% of the County's debt will be completely liquidated over the next 10 years.

Cleveland County Commissioners continue to see the importance of Economic Development and the recruitment of industry. Work force development continues to be the primary focus for long range success. In the upcoming fiscal year, the Board of Commissioners will continue to partner with Cleveland County Schools and Cleveland Community College to promote dual tract with a focus on modern manufacturing.

The County has budgeted \$163,000, a 15% decrease, to the Cleveland County Economic Development Partnership. Over the past several years, the county has increased funding for Economic Development by investing and moving forward with projects such as the Shell Building. This year's budget is equal to the FY19 funding allocation.

The County is a finalist for a Golden Leaf workforce innovation development grant in the amount of \$250,000. Accelerate Cleveland is a job training program targeted at the underemployed and unemployed population. Cleveland County is 1% of the NC Counties and makes up .08% of the total state population— Since 2008 we have recruited 17% of the total capital investment from new and expanding business in NC.

The Board of Commissioners have also placed a high priority on assisting the Agricultural community in their efforts. Included in the 2020-2021 fiscal year budget is the continued support for the small business incentive program, increased funding of NC. Cooperative Extension, and the continuation of grant support.

The Foothills Public Shooting Complex continues to see increases in the number of visitors and is positioned to provide a long-term regional travel/tourism draw for Cleveland County. The Complex hosted several tournaments during this past year and has plans of expanding those effort, if allowable post COVID-19. The 2020 fiscal year has exceeded expectations for revenue collections (+ \$225,000) and foot traffic (+25,000).

Cleveland County is excited to have received another grant through the North Carolina Association of County Commissioners that funds ½ of a FTE – Management Fellow Grant. This is the second time that the County has received this opportunity. This fellow will participate in variety of performance management projects including the development of the County's inaugural *Citizen's Academy*.

During FY 18 the Board of Commissioners began a community cleanup initiative that was aimed at reducing litter in Cleveland County. The program was highly successful and will be continued in the current budget. It has included the involvement of local partners and a marketing campaign that engages the local school system. The 2020-2021 budget includes a budget appropriation of \$15,000 to provide resources for this project.

Cleveland County is home to fifteen municipal governments, which is one of the highest numbers of any County in the State. Each of these municipal partners are vital to providing the highest level of government services to the citizens of Cleveland County. Over the last several years, the County has provided several one-time capital grants to municipalities to help facilitate recreational opportunities across Cleveland County including but not limited to:

City of Kings Mountain.....	\$80,000
City of Shelby.....	\$80,000
Town of Boiling Springs.....	\$80,000
Town of Polkville.....	\$140,000
Town of Lawndale.....	\$ 15,000
Town of Waco.....	\$20,000
Town of Casar.....	\$20,000

The Board of Commissioners recognizes the importance of supporting these local efforts while maintaining a balance with a multitude of other competing interests, social responsibilities and statutory duties. Since 2018, the County has annually allocated \$60,000 on an annual basis, that is disseminated to Cleveland County municipalities through a competitive process – due to the severe resource strain, the program is temporarily suspended for the 2020-2021 budget year.

The importance of the County’s trail systems to the community has never more been more obvious. Community mobility during the Governors Stay-At-Home order has been up 10%. Included in the 2020-2021 budget is \$46,000 for trail operations. Our team also plan to engage our management fellow to help draft and streamline a trail engagement policy during the year.

The Board of Commissioners continue to support the outstanding efforts of our County’s Animal Services department. During the past year, Cleveland County Animal Services made great strides in executing on a long term strategic plan aimed at lowering the number of unwanted animals in Cleveland County and a goal of a “No Kill” animal shelter. Under the new structural umbrella and central administration leadership model, the total number of annual euthanized animals has continued to decrease. The creation of an animal services community advisory board will ensure this momentum is continued with an ordinance review/re-write and options aimed at a low cost spay neuter public option. Included in the 2020-2021 budget is funding for the 2nd consecutive year to provide full intake vaccinations, spay/neuter, and micro-chipping for all animals that are cared for by Cleveland County Animal Services. We have also included in the budget, the appropriate allocations to maintain low cost adoptions and several free adoption clinics throughout the year.

During the 2018 work session, the Cleveland County Board of Commissioners updated their strategic plan to add Community Wellness as a fifth (5) focus area. Community Wellness is an inclusive focus area that is based on improving:

- 1.) County Health Rankings
- 2.) Social Determinants of Health
- 3.) Access to Physical Activity and Health Promotions

The Commissioners have identified several key initiatives specific to promoting and improving community wellness including an intentional focus on actively engaging in the fight against the opioid epidemic, increasing County wide recycling, and continued momentum of the “Partnering for Community Prosperity” project.

Included in the 2020-2021 budget is an additional appropriation of \$50,000 from Atrium Health to assist in continued funding telemedicine services. We have seen dramatic improvements in community health over the

past four years with the implementation of telemedicine coupled with a total of 20 school nurse’s county-wide. Cleveland County Schools provides funding for approximately 40% of the cost of school nurses in Cleveland County.

It is critical to recognize the dramatic emergency room impact of continuing to provide school telehealth services. Since the program was implemented, the unnecessary emergency room visits in the Graham school area were reduced by over 60%. County-wide there was a 29% decrease in unnecessary ER visits. Most recent data specifically for the 2019 year is as follows:

- 4,180 total visits
- 357 patients with no insurance served
- 19% decrease in emergency room visits between the year before and after enrolling in virtual care

The total public safety budget for Cleveland County in the 2020-2021 budget is \$25,443,527 and includes the Sheriff’s Department, Detention Facility, EMS, Emergency Management, and E-911 communications. The County Commissioners commitment to public safety investment is most evident when analyzed over time. In 2014, this budget was \$19,042,123 – the increase of \$6,401,404 (35%) has been more than any other function of County government and has supplanted in matching the funding levels of other similarly situated North Carolina Counties. Public safety capital replacement is a major component of the 2020-2021 budget. This includes mandatory system wide radio replacement and 800 mhz software upgrades totaling \$610,000.

Included in the 2020-2021 budget is continued momentum for public safety including three (3) new positions at the Detention Facility.

The Cleveland County Sheriff’s Department reflects a total annual appropriation of \$16,300,000, which represents 13.94% of the County’s General Fund. This reflects salaries, operations and capital for the Sheriff’s Department, Detention Facilities, and School Resource Officers.

Also included in the FY 21 budget is capital funding in the Sheriff’s Office and Emergency Medical Services as follows:

Sheriff’s Department		EMS	
Vehicle Allotment	\$680,774	2 Ambulances Remount	\$320,000
<u>MDT</u>	<u>\$26,000</u>	<u>Director Disc</u>	<u>\$60,000</u>
Total	\$706,774	Total	\$380,000

The Cleveland County Register of Deeds (ROD), Betsy Harnage, has completed her second-year processing and administering passport applications with overwhelming success. This is only being done in a few Registers offices across the State and we applaud the Registers office for offering a new service to the Citizens of Cleveland County. This service is being offered as a result of the hard work and innovative ideas of the ROD. This new service required very minimal capital improvements to the Registers existing office, and a marginal increase in the operational and part time budget. The office has also began scanning and digitalizing vital records that will be preserved and available electronically and indexed for the citizens of Cleveland County.

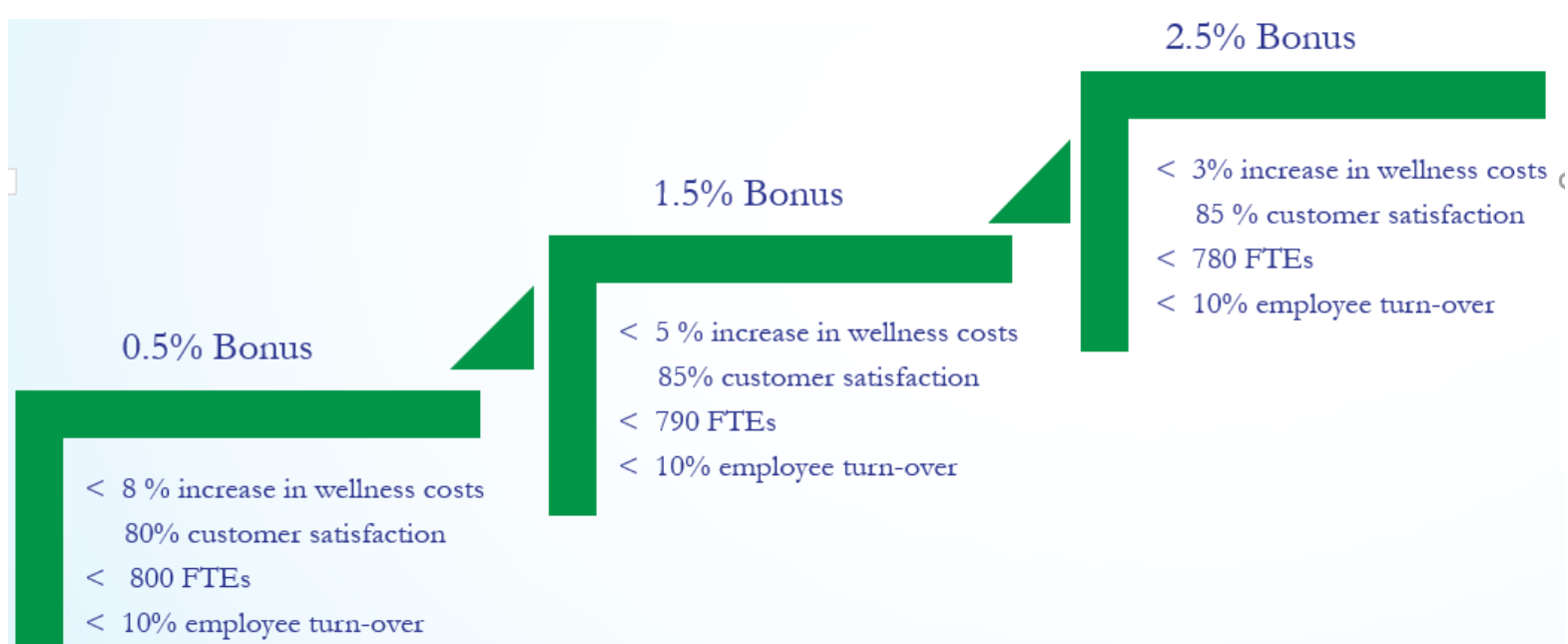
The Human Resources Department continues to work to support an atmosphere that promotes work place engagement, employee wellness, and high performing culture. Included in the 2020-2021 budget is continued funding of \$50,000 to provided effective supervisory training, diversity training, and workplace harassment training. During 2018, the Board of Commissioner voted unanimously to fully implement a Pay and Classification study that was done earlier that year. The cost to implement was \$2,000,000 and was accomplished without increasing taxes.

Cleveland County strives to be an employer of choice. On average, employees receive a benefit package that represents 25-35% of their total annual salary.

With the uncertainty in the national economy, anticipated revenue loss, and increase in mandated operational costs, the 2020-2021 budget does not include a cost of living adjustment effective July 1, 2020. However, we are pleased to include a performance bonus of up to two and a half percent (2.5%) for all full-time employees. This stays consistent with the pay for performance model that has been introduced to our employees over the past two (2) years. The bonus would be liquidated twice during the year on September 15th and March 15th. We are also planning a compensatory raise of one percent (1%) that would be effective on January 1st, 2021 if the following conditions are met.

- FY 19-20 Fiscal Year Audit doesn't include a fund balance draw down below 18%
- Revenue for the 1st and 2nd quarter of FY 21 exceed expectations at a less than 10% decline

The mechanics of the performance bonus model is as follows:



Governments across the State are reporting average health care cost increases of 10-15% for Employee Health Insurance. Included in the 2020-2021 budget, Cleveland County is requesting a 5.5% employer increase in health care premiums. Monthly premiums for employees covered under the plan will be increased from \$900 - \$950 which has an organization cost of \$450,000. This increase will be absorbed by the County General Fund. Our team is pleased with this continued momentum of managing our health costs with offsetting investments into

our workforce. The 2020-2021 budget also include continuation of the disease management programs, continuation of the YMCA benefits, improved long term disability, and for the eleventh (11) year in a row we have budgeted flat dependent and family rates. The low increase in healthcare premiums compared to governments across the state is indicative of our employees commitment to wellness and the steps they are taking to be healthier. Below, please find a chart outlining the county's cost savings in monthly claims costs.

The County administrative leadership team has incorporated three points of emphasis in managing the human capital for the upcoming fiscal year. The recommended budget incorporates Phase II of the Early Retirement Incentive Plan. All non-essential hiring will remain frozen through the 1st quarter of the 2020-2021 fiscal year.

- A.) Position Justification – A formal and data driven review of each vacant position in the organization as it is vacated. The review includes analyzing the potential for cross departmental sharing, technology savings and attrition.
- B.) Position Re-Classification - This represents an intentional effort to maximize each FTE position within County government. Our team recognizes that business and service delivery expectations change and that our team should look for opportunities to align current resources with the most appropriate need.
- C.) Substantial Equivalency – Substantial equivalency is the process of converting State defined staffing classifications into a local classification. This is a developing trend across the State and recognizes that County government is much more nimble and effective when we are adaptable to local needs.

The county allocation budget totals \$30,330,849 with equates to an increase of approximately \$65,000. Capital outlay will be \$2,850,000 which is consistent with the prior year.

The County Fire Service Districts tax rate will remain the same with a consistent rate of 8.75 cents per \$100 of property valuation for all County Fire Districts. The tax rate provides all funding including part time personnel, operations and capital for all 12 fire districts in Cleveland County. The budget team has worked closely with the County Fire Commission to forecast future needs and provide appropriate resources are distributed to ensure proper coverage limits for Cleveland County citizens. The total allocation is approximately \$4.1MM.

We are facing new challenges in the organization and in the community in 2020 that are very different than ever before. The success and momentum that has been built over the past six (6) years has brought new challenges of sustainability and constant excitement of “what could be” – that simply did not exist ten years ago. As we are now twenty (20) years into the Twenty-First century, we began the year with much optimism and hope. No one could have imagined that only months into the year we would be confronted with an invisible enemy that challenged our normalcy.

In these times of crisis, the Resiliency that we must find comes from our purpose – To Make our Community Better.

- The **ReAct** phase of our Crisis Management Plan is critical to the County's long-term success. The decisions that we make today, will have a tremendous impact on our ability to serve our community as we move forward. Stabilizing means commitment to High Performance & Teamwork – focused around adaptation and nimbleness.
- The **ReBuild** phase will include obtaining a comprehensive understanding of the new landscape. The Courage to admit we are entering a “new normal” and asking hard questions that seeks re-engagement and the Integrity to act.
- Finally, **ReThink** starts with openness to change. Allowing Innovation to prosper, in the hierarchy alignment of ODI (Organization/Department/Individual).

We must stay committed to our purpose. Constant reflection and intent of synchronizing “what” we do with “why” we do it will ensure that Cleveland County Government prospers in our servant leader role. We must make sure, as an organization, that the gap between what we do and why we do it remains closely aligned. The road will most certainly be difficult, but I remain encouraged that our team is up for the challenge.

Mr. Epley thanked Commissioners for their vision and direction through this process and all the hard work of our Department Heads and staff.

Chairman Allen thanked Mr. Epley and his team for all their work on this FY 2020-2021 Budget and opened the floor to the Board for questions and discussion.

Commissioner Whetstine asked if the funds that were given to the United Way for Covid-19 have been used and what they have been used for. Mr. Epley asked Kerri Melton to respond. Ms. Melton stated that yes all of the funding the county gave to United Way has been spent. Ms. Melton can get an update for Commissioner for all fund allocations if needed. Commissioner Whetstine asked if we could give more funding to the United Way to help others in need. Ms. Melton said yes if this is the wish of the Board.

Chairman Allen inquired about TACC including a route in Kings Mountain. Mr. Epley stated himself and TACC Director Bob Davis have been speaking about a route in Kings Mountain and would like a committee or task force to be put together to make recommendations to what locations the TACC vehicle will travel to.

Chairman Allen asked Mr. Epley compared to surrounding counties are we competitive with our insurance and benefits. Mr. Epley stated yes he believes with of our benefits are competitive with other counties, Cleveland County has not raised insurance rates for spouses and dependents in 11 years.

Commissioner Hutchins asked Mr. Epley if the savings from the Early Retirement Incentive Program included the payout of comp time. Mr. Epley stated the savings and expenditure where not included together.

Commissioner Bridges asked, “With the insurance and potential performance bonus is Cleveland County is really competitive with our peer counties?” Mr. Epley believes that Cleveland County is very competitive.

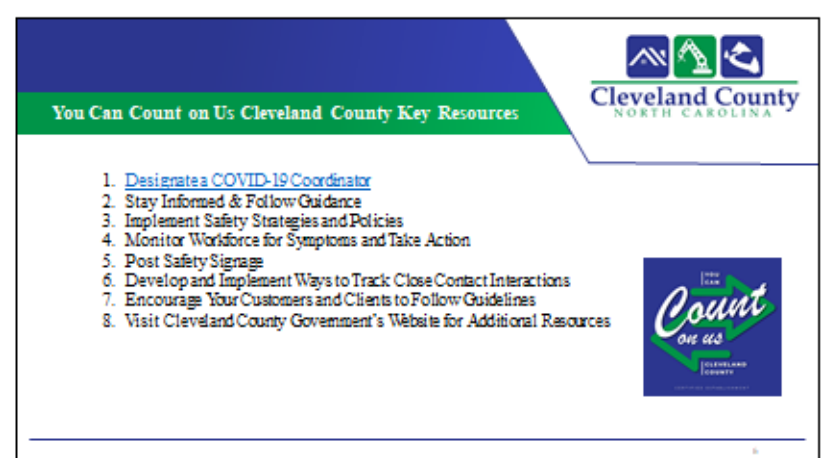
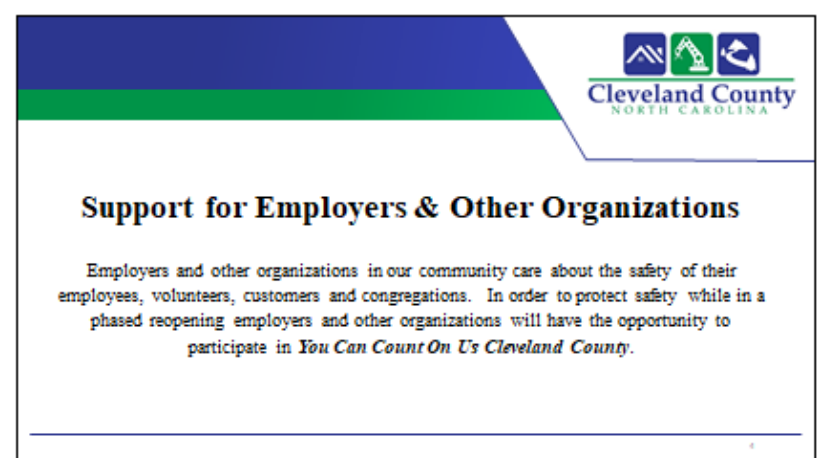
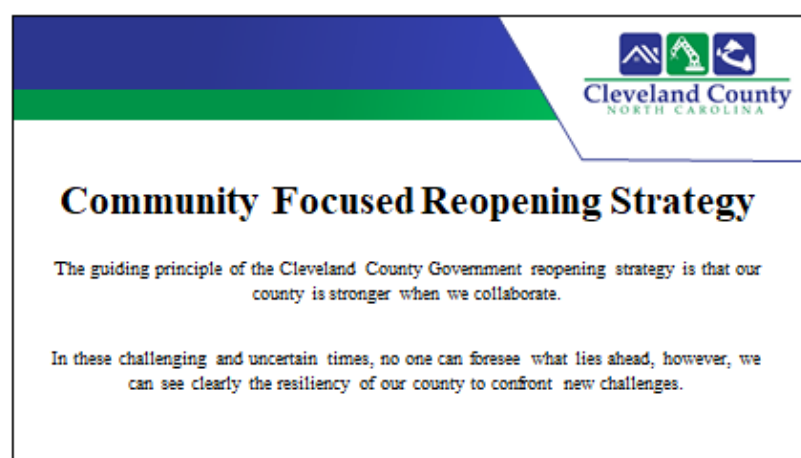
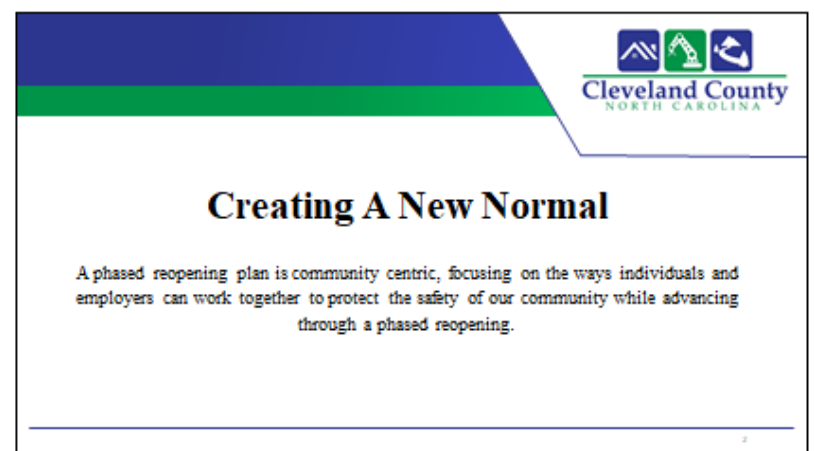
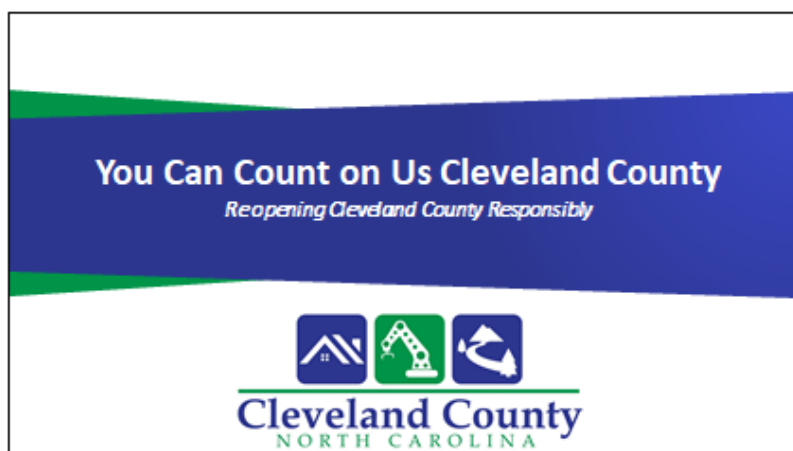
Commissioner Hutchins thanked Mr. Epley and his team for all the time that has been spent on the recommended budget.

Chairman Allen inquired “Is the \$6 Million allocation to the Sheriff’s Office and Detention Center adequate and have we brought that department in line with our peer counties?” Mr. Epley state the \$6 Million is for all of Public Safety but the vast majority is the Sheriff’s Department. In 2014, compared to our peer counties, we were significantly underfunded. Now we are much closer to our peer counties. Mr. Epley believes this number will be sustainable. Chairman Allen thanked Mr. Epley for his work on this challenging budget.

Chairman Allen reminded those in attendance, the Board will come back to hold a public hearing and will vote on the budget at their June 2, 2020 Regular Meeting.

CLEVELAND COUNTY RE-OPENING PLAN

Chairman Allen called Holly Wall to the podium to present information regarding the You Can Count On Us program. Holly Wall thanked the board for allowing her to present. She invited Commissioner to an event that would be held on Thursday for salons, barber shops and gyms where guidance will be distributed as well as masks and cleaning supplies. Ms. Wall presented the following PowerPoint.





Cleveland County
NORTH CAROLINA

Collaborative Efforts Are Key to Successful Implementation

- May 15, 2020 – Reopening Cleveland County Responsibility Leadership Team Meeting
 - Purpose
 - Logo Design
 - Messaging
- May 15, 2020 – You Can Count on Us Cleveland County Focus Group Meeting
 - Presentation of purpose, logo, message delivery
 - Listening session from community members
- May 18, 2020 – Reopening Cleveland County Responsibility Leadership Team Meeting
 - Planning and preparation for distribution of materials
- May 19, 2020 – Marketing You Can Count on Us Cleveland County
 - Facebook, website and email delivery
- May 21, 2020 – You Can Count on Us Cleveland County Event
 - Drive-thru materials pick up from 2:00 pm – 4:00 pm
 - Barber shops/Salons/Nail Salons, Small Businesses, Tattoo Parlors, Gyms




Cleveland County
NORTH CAROLINA

Responses as of 5/19/2020 4:00 pm

Type of Business or Organization

Business Type	Percentage
Retail	30%
Food Service	25%
Health Care	15%
Other	10%
Non-Profit	20%


Cleveland County
NORTH CAROLINA



Next Steps

- Childcare & Summer Camps
- Housing/Shelter/Transportation
- Places of Worship
- Restaurants/Bars


Cleveland County
NORTH CAROLINA



Questions

Chairman Allen thanked Ms. Wall for all the hard work on this project and opened the floor to the Board for questions and discussion

Commissioner Hutchins asked if bandanas were sufficient for masks. Ms. Wall replied yes, any cloth mask is. Commissioner Bridges asked if restaurants will be included in this week’s packet distribution. Ms. Wall stated no they are not but will be very soon. Restaurants have guidance from the state and Nathan McNeilly from the Health Department is working closely with the state to make sure those recommendations are given to restaurants.

COMMISSIONER REPORTS

No reports.

ADJOURN

There being no further business to come before the Board at this time, Commissioner Hutchins made a motion, seconded by Commissioner Hardin, and unanimously adopted by the Board, *to adjourn the meeting*. The next meeting of the Commission is scheduled for *Tuesday, June 2nd, 2020 at 6:00 p.m. in the Commissioners Chamber*.

*Susan Allen, Chairman
Cleveland County Board of Commissioners*

*April Crofts, Deputy Clerk
Cleveland County Board of Commissioners*