

**MINUTES
BURKE COUNTY BOARD OF COMMISSIONERS
SPECIAL MEETING**

The Burke County Board of Commissioners held a special meeting on Thursday, March 2, 2023, at 12:30 p.m. at the Lake James State Park Visitors Center - Paddy's Creek, 7321 NC 126, in Nebo, NC. The purpose of the special meeting was to discuss a wide range of strategic planning topics, including but not limited to priorities and values, economic development strategies, capital improvement projects, employment challenges and opportunities, organizational performance and budget analytics, revaluation and the budget Pro forma. Chairman Mulwee executed the notice, and it was published on February 26, 2023. The agenda, in its entirety, was posted to the County's website, www.burkenc.org, several days prior to the meeting. Those present were:

COMMISSIONERS:

Scott Mulwee, Chairman
Jeffrey C. Brittain, Vice Chairman
Randy Burns
Johnnie W. Carswell
Phil Smith

STAFF:

Brian Epley, County Manager
Margaret Pierce, Deputy County Manager/Finance Director
J.R. Simpson, II, County Attorney
Kay Honeycutt Draughn, Clerk to the Board
Various Department Heads

CALL TO ORDER

Chairman Mulwee called the meeting to order at 12:30 p.m.

PLEDGE OF ALLEGIANCE

J.R. Simpson, County Attorney, delivered the Pledge of Allegiance to the American flag.

APPROVAL OF THE AGENDA

Motion: To approve the agenda.

RESULT: APPROVED [UNANIMOUS]

MOVER: Randy Burns, Commissioner

AYES: Scott Mulwee, Jeffrey C. Brittain, Randy Burns, Johnnie W. Carswell, and Phil Smith

At an invitation from Chairman Mulwee, Brian Epley, County Manager, kicked off the budget retreat by expressing his excitement to be part of where the County is heading next. He emphasized that the next two (2) days would be spent focusing on defining the strategic vision of Burke County and that the foundation has long been set by staff with great foresight.

FINDING VALUE IN PRIORITIZATION

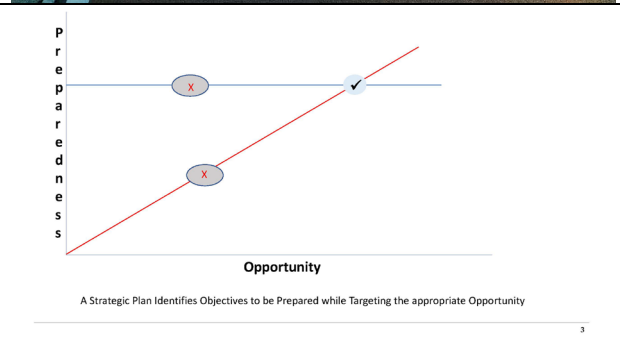
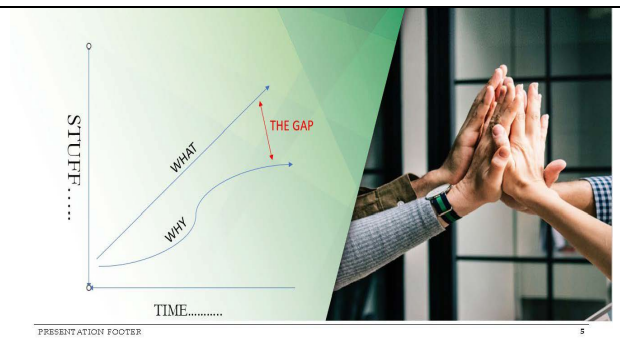
Rhett Melton, Chief Executive Officer at Partners Health Management, provided a facilitated presentation of the value of strategic planning and prioritization. Mr. Melton explained that it is important for organizations and individuals within the organization to have priorities that all

stem from a common goal. Integrity should be the number one priority for any organization and / or individual.

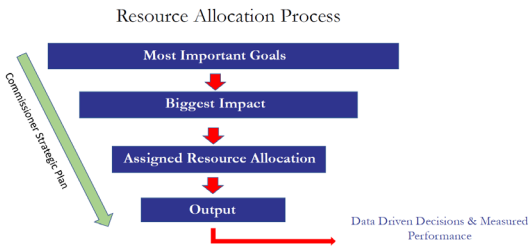
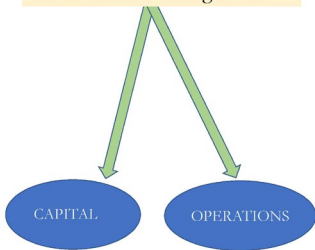
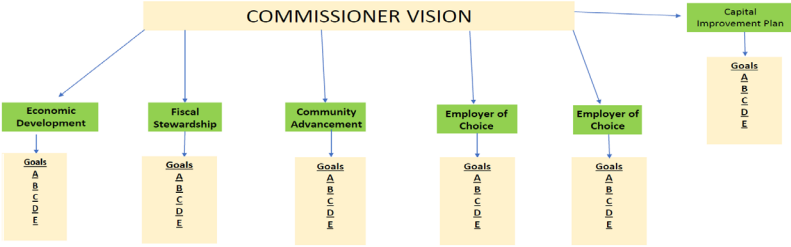
RESULT: NO ACTION TAKEN.

PUBLIC SECTOR STRATEGIC LEADERSHIP

Brian Epley, County Manager, presented a short presentation on the purpose and components of a public sector strategic planning document.

	
	FY 24 Commissioners Strategic Plan 
	What we will cover ▪ Why make a strategic plan? ▪ How can a strategic plan be helpful to our organization? ▪ How do organizations use their strategic plan? ▪ What can I do to make my strategic planning effort successful?
SOG Strategic Planning Principles ▪ Meaningful Engagement ▪ Facilitative Leadership ▪ Shared Learning ▪ Flexibility ▪ Accountability and Transparency	Purpose of the plan 1. Be clear about priorities 2. Allocate resources towards those priorities 3. Manage performance to carry out the funded programs 4. Evaluate performance in terms of objectives

Benefits to our organization 1. Transforms ideas into action 2. Provides guidance 3. Aligns resources with community values for the future 4. Aligns core government functions with desired strategies	
Using strategic plans ▪ Benchmarking ▪ Performance Evaluation ▪ Budgeting/Resource Allocation ▪ Internal and External Communication ▪ Citizen Engagement and Education	Benchmarking ▪ Choose key measurements to track as indicators of achievement
Performance Evaluation ▪ Assign action steps to specific staff to ensure and track the progress of implementation	Budgeting/Resources Allocation ▪ Make decisions to invest resources in such a way to further the priority goals
Internal and External Communication ▪ Use the format of the plan as a tool for reporting progress to others	Citizen Engagement and Education ▪ Create opportunities for citizens to hear information and provide input to either the creation or implementation of the plan
Role Clarity & Decision Making Elected officials are more likely to focus on the bigger picture when a plan is in place ▪ Slightly less likely to get involved in day-to-day operations	Role Clarity & Decision Making ▪ While few elected boards/councils engage in self-review, if they do, they are likely to base it on the strategic plan ▪ If the strategic plan is embedded in one decision-making process, it is likely to be embedded in other processes

Timeline of Changes You'll Face <table border="1"> <thead> <tr> <th></th> <th>Short-Term: Next 18 Months</th> <th>Mid-Term: 2 to 5 years</th> <th>Long-Term: Ongoing</th> </tr> </thead> <tbody> <tr> <td>Changes/Events Internal</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Changes/Events External</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Short-Term: Next 18 Months	Mid-Term: 2 to 5 years	Long-Term: Ongoing	Changes/Events Internal				Changes/Events External				What's Changing? ▪ Economy; financial picture ▪ Demographics ▪ Local, state, federal policy ▪ Organizational changes and resource allocations ▪ Growth pressures and infrastructure needs ▪ Environmental implications ▪ Working relationships, key partnerships 
	Short-Term: Next 18 Months	Mid-Term: 2 to 5 years	Long-Term: Ongoing										
Changes/Events Internal													
Changes/Events External													
Imagine forward 15 years How have values influenced our county's development? What's the difference as a result of these values? ▪ Economic development ▪ Infrastructure: housing stock, sidewalks, roads, water & sewer lines, etc. ▪ Activities people are engaged in; gathering spots ▪ How our organization provides services; mood amongst employees (Today's vision of the future)	Creating Focus ▪ What criteria will you use to set your priorities? ▪ Plan Update – celebrate your successes! ▪ Budget Forecast ▪ Revise Focus Areas and Goals (+/-) ▪ Setting priorities and creating discipline												
To be developed ▪ How will success be defined for these priorities? ▪ How and when does the Board want to hear about progress? ▪ What else needs to happen to make sure your priorities are actionable?	"Discipline is remembering what you want." -- David Campbell, Founder of Saks Fifth Avenue												
Resource Allocation Process 	Commissioner Strategic Plan 												
Shared Resource Allocation Strategies 													

RESULT: NO ACTION TAKEN.

RECESS OF MEETING

The Board took a 10-minute break at 1:42 p.m. The meeting was resumed at 1:52 p.m.

LAKE JAMES STATE PARK

Chairman Mulwee introduced Nora Coffey, Superintendent, Lake James State Park. Superintendent Coffey highlighted new features of the park, including the Visitors Center which opened to the public on January 21, 2023. Chairman Mulwee opened the floor for questions or comments. Both Commissioner Carswell and Chairman Mulwee commended Superintendent Coffey for her hard work on managing the park. On behalf of the Board, Clerk Draughn presented Ms. Coffey with a walking stick as a token of appreciation for hosting the County's budget retreat.

INNOVATION AND TRENDS IN ECONOMIC DEVELOPMENT

Crystal Morphis, Chief Executive Officer "Creative Economic Development Consulting," presented current industry trends and best practices in economic development as well as helping craft focal points for the Board to consider as they draft their initial strategic plan. Highlights of Ms. Morphis' presentation were as follows:




Economic Development Landscape



Labor

4 Big Trends



Labor Shortage



Remote Work



Entrepreneurship

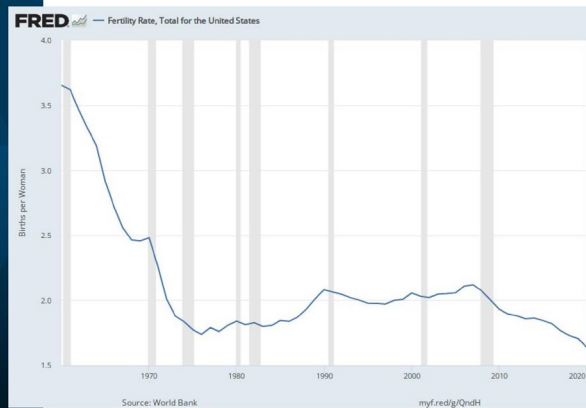


Mega Projects

Corporate Site Location Factors

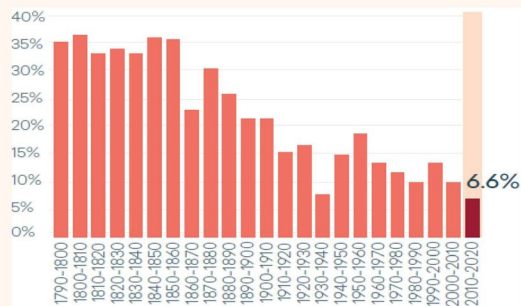
2022	
1	Labor costs
2	Availability of skilled labor
3	Energy availability and costs
4	Inbound/outbound shipping costs
5	Highway accessibility
6	Raw materials availability
7	Corporate tax rate
8	State and local incentives
9	Environmental regulations
10	Tax exemptions

Declining Birth Rate

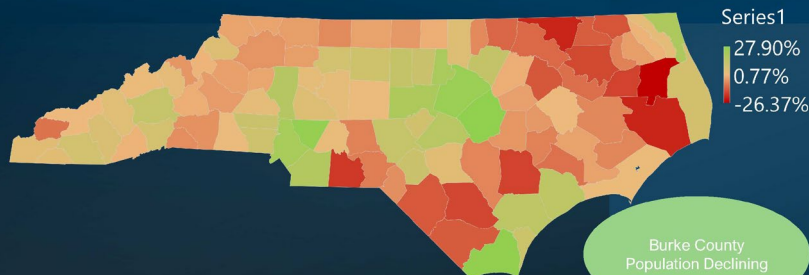


Slow Population Growth

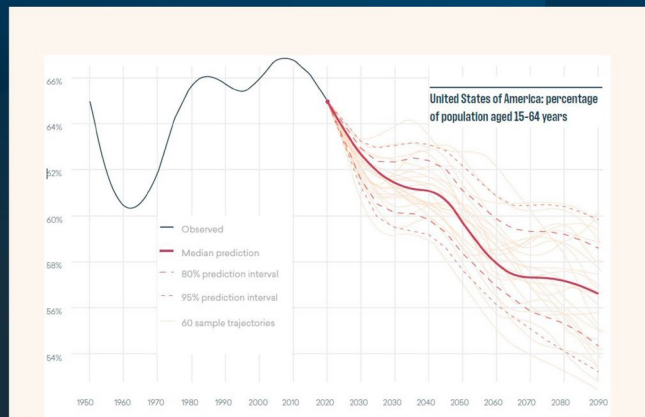
US population growth by decade: 1790 to 2020 (estimated) censuses



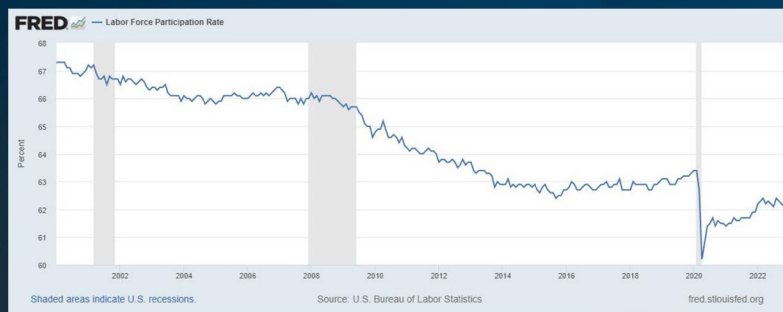
Declining Population



Declining Working Age Population



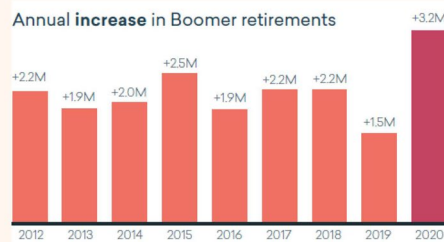
Decreasing Labor Force Participation



3M in 2020 - 1 M more than previous years

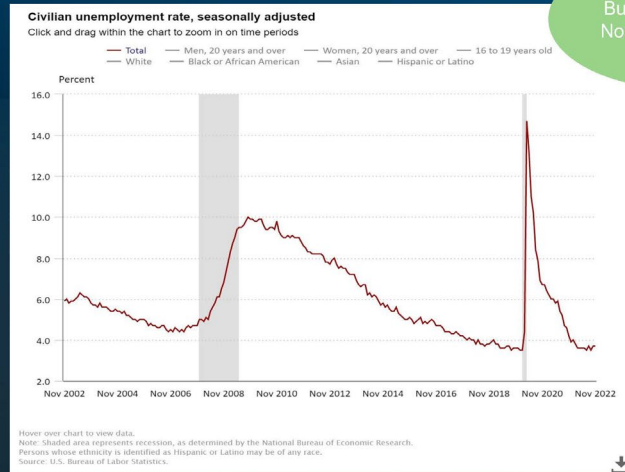
Baby Boomer Exiting

The number of retired Baby Boomers rose more from 2019 to 2020 than in prior years



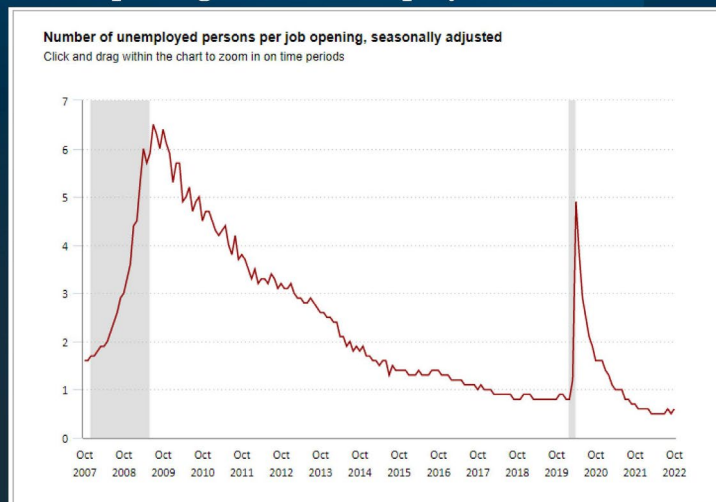
Source: Pew Research Center analysis of July, August and September Current Population Survey monthly files (D11445)

Very Low Unemployment Rate

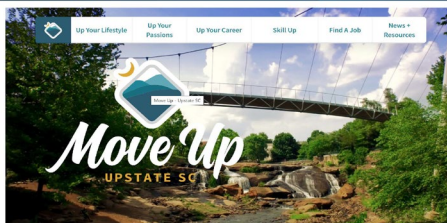


Burke County 2.8%
North Carolina 3.2%

More Job Openings than Unemployed Workers



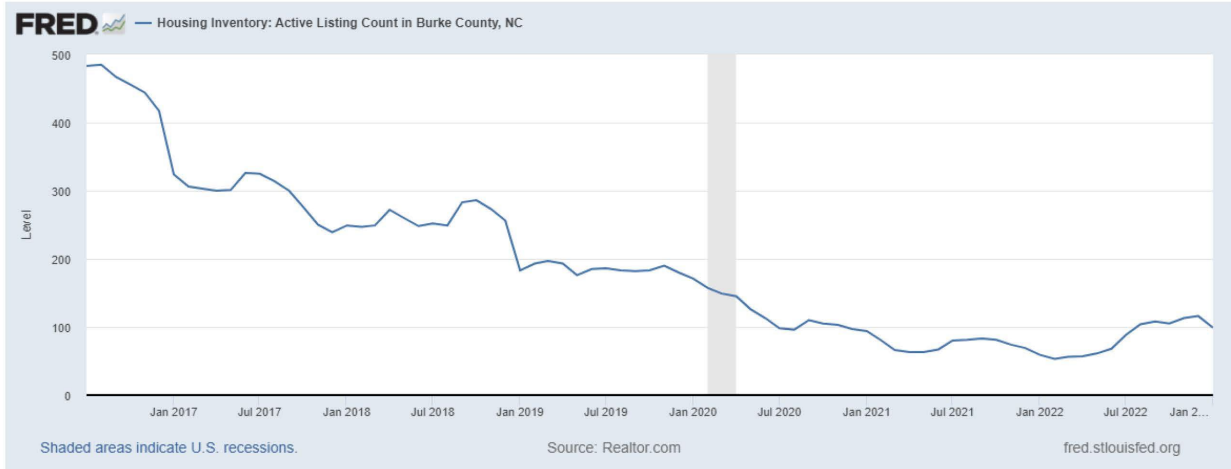
What it means?
Communities that can attract and retain talent will win.



Placed Based Strategies

- Amenities
- Arts and cultural resources
- Recreation
- Active downtowns
- Beautification
- Streetscape
- Life-long learning

Housing Shortage



Housing

Housing Focus

- Regional Forums
- Housing market studies
- Marketing residential development sites
- Supporting upper floor residential

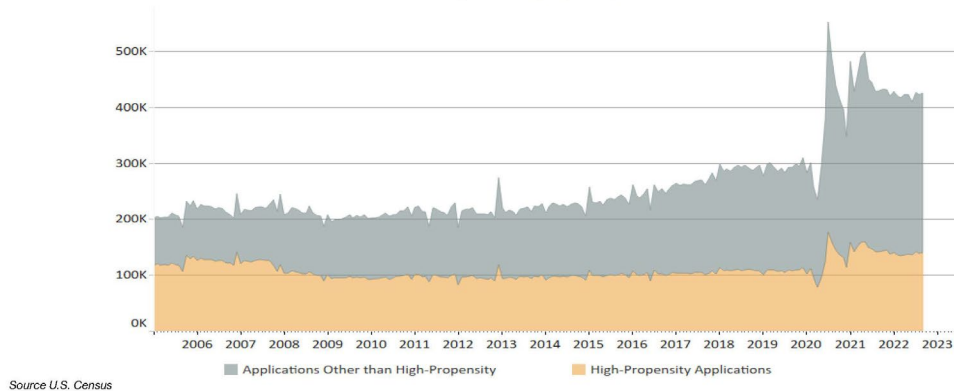
Remote Work & Entrepreneurship

Remote Work

- By 2025, 70% permanently working from home at least 5 days a month (*Forbes*)
 - Almost 60% of workers prefer WFH (*Gallup*)
 - Surveys show WFH preferred 1-4 days a week
- Beyond remote workers – 36% of all workers are freelance

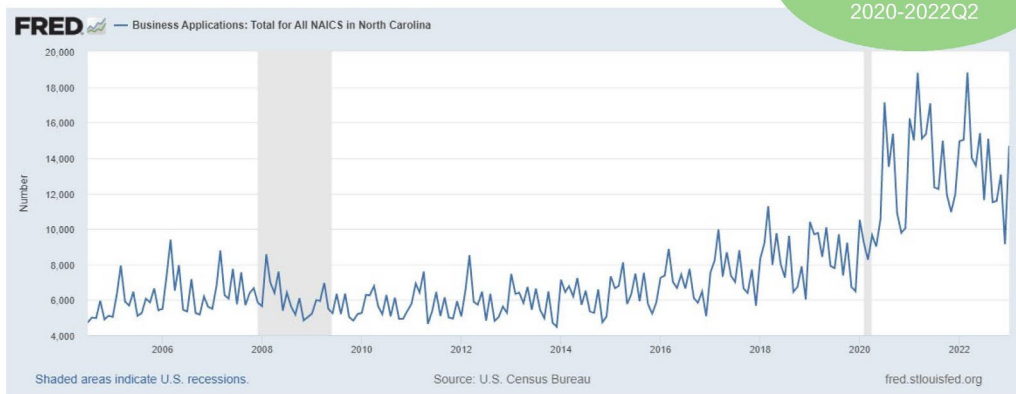
Entrepreneurship

U.S. Monthly Business Applications
(Seasonally Adjusted)



Entrepreneurship

178 new
businesses in
Burke County
2020-2022Q2



Cowork, Incubators

- Growth in expanding coworking facilities – especially rural places
- Renewed focus on incubators
- More e-ship resources



Mega Projects in the Southeast



Electric Vehicle Supply Chain

Competitiveness

Local

- Community Capacity
- Infrastructure
- Workforce
- Product Development
- Regulatory Process
- Marketing

Regional

- Infrastructure
- Workforce
- Centers of Innovation
- Cluster Development
- Marketing

State

- Business Climate
- Marketing
- Cluster Development

Recruitment Process

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graph LR
    A[Request for Information] --> B[Rounds of Elimination]
    B --> C[Negotiations]
    A --> B
    B --> A
    
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Competitiveness

United States

- Nearly 10,000 economic development organizations

North Carolina

- 100 counties and 552 municipalities
- 5,100 buildings in state database
- 1,700 sites in state database

Burke County 2022

10 of 219 (5.6%) Announcements in North Carolina

Process of Elimination

- Begin with sites in search geography and meet company criteria
- Eliminate all with infrastructure issues - proximity and capacity
- Eliminate all without due diligence
- Zoning, Covenants
- Pricing
- All Other Siting Criteria

What Companies Want

Category	Percentage
Want a Building	65%
Prefer a Building	17%
Want a Site	18%

How Can Burke County Compete?

Product



Winning Strategies

<http://aboutdci.com/winning-strategies/>

Table A: Leading Sources of Information Influencing Executive Perceptions of an Area's Business Climate (Responses over Time)

Sources	2020	2017	2014	2011	2008	2005	2002	1999	1996
Dialogue with industry peers	48%	46%	55%	50%	61%	54%	56%	71%	68%
Business travel	37%	42%	37%	27%	42%	45%	47%	45%	52%
Articles in newspapers and magazines (print and online)	32%	34%	44%	46%	53%	45%	62%	61%	60%
Meetings with economic development organizations	30%	33%	31%	28%	32%	33%	21%	27%	24%
Internet/websites	26%	27%	22%	20%	28%	22%	9%	9%	—
Rankings/surveys	25%	21%	24%	36%	22%	17%	23%	31%	34%
Word of mouth	17%	22%	21%	19%	19%	16%	29%	21%	24%
Social media	16%	11%	2%	0%	—	—	—	—	—
Personal travel	15%	17%	13%	9%	14%	13%	14%	8%	21%
TV/radio newscasts/shows	13%	6%	9%	14%	7%	5%	14%	7%	4%
Advertising	10%	9%	4%	3%	—	—	—	—	—
Other	7%	8%	12%	13%	10%	14%	14%	8%	15%
Direct mail	4%	2%	2%	0%	2%	2%	2%	3%	1%

Winning Strategies

Table B: Most Effective Marketing Techniques, Responses over Time (percent rating 4 or 5 on a 5-point scale)

Technique	2020	2017	2014	2011	2008	2005	2002	1999	1996
Internet/website	69%	74%	67%	55%	56%	53%	37%	37%	18%
Planned visits to corporate executives	58%	66%	64%	57%	54%	55%	53%	46%	53%
Media relations/publicity	54%	51%	48%	33%	52%	50%	40%	38%	39%
Hosting special events	54%	51%	46%	35%	45%	49%	37%	42%	39%
E-newsletters/e-marketing	48%	—	—	—	—	—	—	—	—
Social media	46%	—	—	—	—	—	—	—	—
Trade shows	43%	39%	38%	35%	—	33%	32%	45%	39%
Advertising	42%	32%	17%	16%	15%	20%	21%	19%	19%
Telephone outreach (formerly "telemarketing")	35%	17%	6%	4%	4%	6%	4%	6%	7%
Physical mail (brochures/gift boxes) (formerly "direct mail")	33%	23%	14%	15%	19%	23%	33%	25%	25%

Next Steps  Update Economic Development Plan and Prioritizes Strategic Investments  Each year, make progress on the strategic plan  Measure, Assess, Course Correct	 Crystal Morphis, CECD www.creativecd.com www.creativesiteassessment.com www.creativecec.com www.certifiedindustrialbuilding.com creative economic development consulting
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Chairman Mulwee opened the floor for questions or comments. Commissioner Carswell asked if the decreasing working age population was cause for concern with the rising use of technology. Ms. Morphis responded that there are several ways to get out of this conundrum: procreate, immigrate, or innovate. Commissioner Burns inquired about the disconnected youth demographics nested in the unemployment data and noted the trend of pockets within the different municipalities that make up Burke County. Ms. Morphis explained that there could be many contributing factors, including disability, lack of childcare, lack of transportation, or substance use disorder. In response to a question from Brian Epley, County Manager, Ms. Morphis confirmed that the unemployment rate only includes those currently actively seeking employment. Mr. Epley discussed some legislative limitations on how the County can play a role in the lack of housing issues and noted that it was only in 1997 when legislation was enacted allowing for industrial incentives.

Alan Wood, BDI President and CEO, also presented about economic development. Mr. Wood announced that BDI is updating their strategic plan June 1, 2023, and that it closely follows what Ms. Morphis previously presented. Business retention expansion will be the primary focus for the year. Projects were roughly 50% new projects and 50% existing projects. Sixty-five percent (65%) of projects want to utilize a preexisting building to reduce costs and allow companies an exit plan should they wish to resell the building in the future. There have been 22 new projects since 2017, which brought 1,812 jobs to the County, and roughly \$350,000,000 in new capital investment.

Workforce development will be a secondary focus, according to Mr. Wood. Approximately 2,700 residents of Burke County or 22% of youth aged 16 - 24 are not engaged in the labor force, which places the County within the top five (5) in North Carolina in this category. There are several programs designed to assist those who fall within this demographic. He also gave an update on the Drexel site, which BDI has worked on for the past seven (7) years to clean up the brownfield, as well as the Great Meadows megasite, which he considered to be one of the premiere megasites in North Carolina and the only one in western North Carolina. The Opt-In program, stemming from the Work in Burke initiative, matches recent high school graduates with local employers for an eight-week paid internship. Another Work in Burke affiliated program is the Strive Program which is in place at every high school within the County. This program pairs underperforming students with mentors to help the students improve their scholastic standing. There are currently around 70 students enrolled in the Strive Program.

According to COG, Mr. Wood stated it is necessary to create 761 housing units per year to keep pace with a 2% population growth in Burke County. A 2% population growth is what is needed

to keep up the labor force, if this is not met, the labor force will decline by about 4,000 people by 2030. The County issued roughly 300 permits this past year for single family residents. Thirty-eight percent (38%) of the current housing stock was built in 1970 or earlier, with only five percent (5%) being developed in the last 22 years. There were 111 houses on the market in January with the median listing price being \$251,000 and the median sales price being \$254,000, so the closing price is still trending higher than the asking price. There are only a maximum of 250 buildable lots available in Burke County at present. Mr. Wood emphasized that getting subdivisions platted near existing infrastructure is critical.

RESULT: NO ACTION TAKEN.

CAPITAL IMPROVEMENT PLANNING / POLICY / PRIORITIZATION

County Manager Epley presented the components of a comprehensive CIP plan and facilitated discussion on the County's most urgent capital needs. After the presentation, a discussion ensued over the priorities of the potential necessary CIP projects and the funding sources available, such as grants, American Rescue Plan Act funding, or local funding. Highlights of his presentation were as follows:

CAPITAL PLANNING WORKSESSION Fiscal Years 2024-2028 	Comprehensive Capital Planning  <u>Multi-Year Capital Improvement Plan</u> - Introduction of comprehensive plan - Debt & Financial Position Overview <u>Master Facility Planning Recommendations</u> - Review key short term consultant recommendations - Review Mid- and Long-Term recommendations <u>Commissioner Project Prioritization</u> - Policy Direction on Capital Improvement Plan & Key Next Steps
Comprehensive Capital Planning  Introduction to Comprehensive Plan 	Comprehensive Capital Planning  
Multi-Year Capital Improvement Plan  - A formal 5-year plan which identifies capital project and equipment needs, provides a planning schedule, and identifies options for funding the plan - Financial Policies - Operations - Major / Non-Major - Funded / Unfunded 	Comprehensive Capital Planning  

Capital Financing – Fiscal Sustainability



- **Where we have been?**
 - Lagging Local Economy – High Un-Employment
 - Leveraged Financial Position
 - Failing Local Infrastructure
- **Where we are?**
 - Economic Vibrancy / Growth
 - Strong Financial Position
 - Long-Term Capital Planning
- **Where are we going?**
 - High Performing Organization
 - Fiscal & Capital Sustainability
 - Community of Choice / Sense of Place



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Capital Financing – Fiscal Sustainability



FACILITIES ASSESSMENT PROCESS & NEEDS:

Building Condition Analysis 1-5 (where 1 is poor)

1. Structural
2. Interior Construction
3. Electrical System
4. Mechanical Systems
5. Plumbing Systems
6. Security Systems

Burke County Space Needs Assessment and Master Plan
General Facility Assessment
Address: 300 Avery Street, Morganton, NC
Date of Observation: 2/8/2022

Mechanical System 1				Overall Condition Rating: 1
HWAC System Type	Water Source Heat Pump	Controls	Unmonitored	
Unit Type	Vertical Recirculated	Refrigerant Type	R22	
Quantity	One Unit	System age	Check not verify	
Boiler	Wood McLean	Boiler age	100 and 1000 hours	
Fuel Source	Coal fire wood boiler	Therms	100 and 1000 hours	
Cooling Tower	Basic Closed Loop			
General comments: The system age could not be determined but appear to be at the end of their service life. These units utilize R22 refrigerant that is no longer manufactured. The boiler and cooling tower age is also unknown. The boiler is aged as are associated old pumps.				

Mechanical System 2				Overall Condition Rating: 1
HWAC System Type	Boil Top Units (RTU) (Carrier)	Controls	Unmonitored	
Quantity	4	Refrigerant Type	425A	
Boiler/Chiller	Boiler/Chiller	System age	7 years old (2015)	
Fuel Source	Gas Fire Heat in RTU's			
General comments: RTU's were installed approximately 7 years ago and have approximately 8 years of service remaining.				

Mechanical System 3				Overall Condition Rating: 1
HWAC System Type	Split System Air Handling Units	Controls	Unmonitored	
Quantity	5	Refrigerant Type	R22	
Boiler/Chiller	Boiler/Chiller	System age	15 years	
Fuel Source	Electric Heat	Toler exhaust	Yes	
Boiler Control	None			
General comments: The split system AHU's are at the end of their service life utilize R22 refrigerant that is no longer manufactured.				

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Capital Financing – Fiscal Sustainability



Facilities Evaluated During Space Needs Assessment

Building	Location	City	Rating	Sq. Ft.	Yr. Built
Animal Shelter	425 Kirksey Drive	Morganton	1.00	4,000	1980
EMS Station #1: Hospital	2201 S Sterling Street	Morganton	1.00	5,000	1975
Landfill - Transfer Station	2500 Marsh Trail	Morganton	1.40	12,500	1997
Avery Building	200 Avery Avenue	Morganton	2.13	28,700	1923
Sheriff's Office (Sheriff side only)	150 Government Drive	Morganton	2.14	11,500	1993
Burke-Catawba District Confinement Facility (Old Jail)	148 Government Drive	Morganton	2.14	48,500	1993
Human Resources Center (HRC)	700 East Parker Road	Morganton	2.42	56,500	1979
EMS Station #2: Rutherford College (Hospital Owns Property)	90 Campus Street	Rutherford College	2.50	1,900	1975
Hildebran Building (Water & Sewer Office)	101 Main Ave West	Hildebran	2.58	7,100	1964/2016
Courthouse	201 South Green Street	Morganton	2.60	55,000	1974
EMS Station #4: Hildebran	705 US Highway 70W	Hildebran	2.83	2,200	2002
Landfill - Office/Garage	2500 Marsh Trail	Morganton	3.00	5,000	1988
Morganton Library	204 South King Street	Morganton	3.00	16,800	1995/2004
Morganton Senior Center	501 North Green Street	Morganton	3.00	17,600	1984
Burke Agricultural Building	130 Ammons Drive	Morganton	3.50	14,000	2002
Burke Services Building	110 North Green Street	Morganton	3.83	24,000	1954/2000
Valdese Library (Share Ownership with Valdese)	213 St. Germain Avenue	Valdese	3.83	9,000	1943/2004
Foothills Higher Education	2128 South Sterling Street	Morganton	4.00	130,000	1980/2004

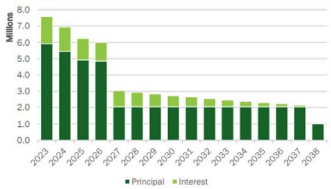
*Building Condition Rating Scale 1 thru 5 where 1 is poor condition and 5 is new or excellent condition

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Fiscal Sustainability – Debt Portfolio



Tax Supported Debt Service



Par Outstanding – Estimated as of 6/30/2022

Type	Par Amount
County Debt	\$18,041,250
School Debt	\$26,678,750
Total	\$44,720,000

Tax Supported Debt Service

FY	County	Schools	Total
Total	23,594,231	32,483,996	56,078,227
2023	2,790,280	4,792,285	7,582,565
2024	2,313,403	4,622,312	6,935,715
2025	1,789,063	4,443,799	6,232,862
2026	1,731,485	4,264,812	5,996,298
2027	1,501,250	1,541,438	3,042,688
2028	1,451,250	1,488,688	2,939,938
2029	1,401,250	1,435,938	2,837,188
2030	1,351,250	1,383,188	2,734,438
2031	1,301,250	1,351,538	2,652,788
2032	1,251,250	1,298,788	2,550,038
2033	1,201,250	1,256,588	2,457,838
2034	1,168,750	1,214,388	2,383,138
2035	1,136,250	1,172,188	2,308,438
2036	1,102,500	1,129,988	2,232,488
2037	1,068,750	1,088,063	2,156,813
2038	1,035,000	-	1,035,000

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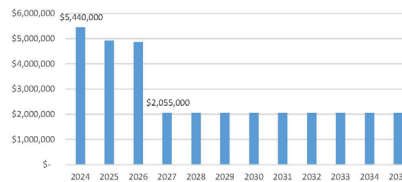
Fiscal Sustainability – Debt Portfolio



Total Debt Outstanding	\$	44,720,000	
Debt Item	Amount	Payoff Date	
County Jail	\$ 15,815,000.00	2037	
Community College	\$ 1,075,000.00	2023	
Total County Debt	\$ 16,890,000.00		
Patton High School	\$ 5,885,000.00	2026	
Draughn High School	\$ 5,690,000.00	2026	
Mountain View Elementary	\$ 16,020,000.00	2038	
Total School Debt	\$ 27,595,000.00		

Annual Debt Service is 7.7% of Annual Expenditures

Annual Debt Service Budget

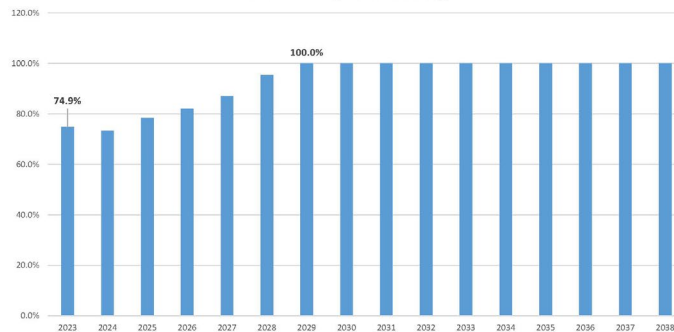


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Fiscal Sustainability -Ten Year Payout Policy



Ten Year Payout Percentage

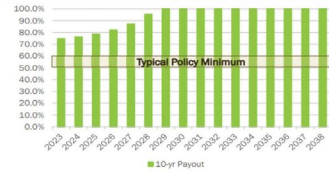


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Fiscal Sustainability - Ten Year Payout Policy

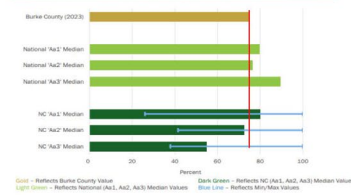


10-Year Payout Ratio



- Existing 10-year Payout Ratio
— FY 2023: 74.8%
- The 10-Year Payout Ratio measures the amount of principal to be retired in the next 10 years.
- This ratio is an important metric that indicates whether or not a locality is back-loading its debt.
- If not already in place, the County may consider adopting a policy establishing a minimum 10-year payout ratio.

10-year Payout Ratio Peer Comparative



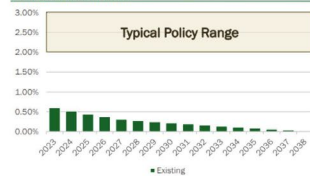
- Rating Considerations:
- S&P: A payout ratio greater than 65% results in a one point positive qualitative adjustment to the Debt & Contingent Liabilities section of S&P's General Obligation rating methodology.

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Debt to Assessed Tax Value Policy



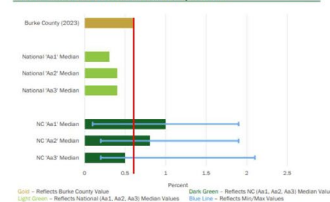
Debt to Assessed Value



- Existing Debt to Assessed Value
— FY 2023: 0.60%
- Assumed Future Growth Rates
— 2023 Budgeted Assessed Value: \$7,449,106,902
— 2024 & Beyond: 1.00%

- If not already in place, the County may consider adopting a policy establishing a maximum debt to assessed value ratio.

Debt to Assessed Value Peer Comparative



- Rating Considerations:
- S&P: A positive qualitative adjustment is made to the Debt and Contingent Liabilities score for a debt to market value ratio below 3.00%, while a negative adjustment is made for a ratio above 10.00%.

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Comprehensive Capital Planning



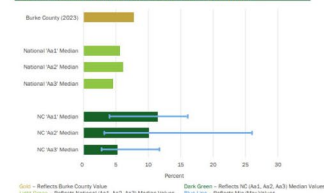
Debt Service vs. Governmental Expenditures



- Existing Debt Service vs. Expenditures
— FY 2023: 7.74%
- Assumed Future Growth Rates
— 2021 Adjusted Expenditures: \$88,617,570
— 2022 & Beyond: 1.00%

- If not already in place, the County may consider adopting a policy establishing a maximum debt service vs. expenditures ratio.

Debt Service vs. Expenditures Peer Comparative



- Rating Considerations:
- S&P: The Debt and Contingent Liabilities section defines categories of Net Direct Debt as a % of Total Governmental Funds Expenditures as follows:
- Very Strong: <6%
- Strong: 8% to 15%
- Adequate: 15% - 25%
- Weak: 25% - 35%
- Very Weak: > 35%

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Comprehensive Capital Planning





ISSUER COMMENT
17 June 2021

General Information per US Website:

Address:
Burke County, NC
2150 S.W. 10th St.
Gastonia, NC 28843

Contacts:
Burke County
2150 S.W. 10th St.
Gastonia, NC 28843
Phone: (704) 795-3333
Fax: (704) 795-3334
Email: info@burkecounty.com

CREDIT RATINGS:
Moody's: Aa2
S&P: A-
Fitch: A-

- **Strengths**
 - Very strong credit position.
 - Robust financial position.
 - Light debt and pension burden with negligible liability.
 - Fund balance and Cash balance as percentages of operating revenues are in-line to slightly above the US median and other Moody's-rated counties.
 - Strong financial management.
- **Challenges**
 - Weak socioeconomic profile, relative to the assigned rating of Aa2.
 - Should consider formal financing and debt management policies.
 - Median family income is only \$55,817 (4th quartile) of the US level.

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Fiscal Sustainability – Policy Considerations



1. Ten-year pay-out
2. Debt Balance as a percentage of assessed taxable value
3. Debt Service Expenditures as a percentage of total annualized expenditures

Participative Planning Process



Community Based Project Priority

- Board of Commissioners, Executive Staff, Department Heads



Capital Improvement Plan Development

- Commissioner Prioritized Annual Budget Process

Master Facility Plan Needs Assessment

- Board of Commissioners, Executive Staff, Department Heads

Commitment to Out Year Capital



Impact of Out Year Operational Capital Planning:

- 1) **Manage Increasing Operational Costs:**
 - A) Utility Cost
 - B) Life Cycle Management Plan
 - C) Fleet Management
- 2) **Address Aging Infrastructure:**
 - A) Current Infrastructure is Made Up of Survivors
 - Aging
 - Failure Rate Increases as a Function of Age
 - B) Replace versus Repair – R.O.I.
- 3) **Formalized Resource Utilization:**
 - A) Forward-Funded Concept

Fiscal Sustainability – Policy Considerations



Strategic Capital Planning Policy
RESOURCE ALLOCATION

Strategic Capital Planning

MOST IMPORTANT GOALS

BIGGEST IMPACT

RESOURCE ALLOCATION

OUTPUT

Priority Setting: Short Term & Longer Term Goals Through Board's Director

Measuring & Managing Board Expectations & Resources

Board of Commissioners Next Steps - CIP

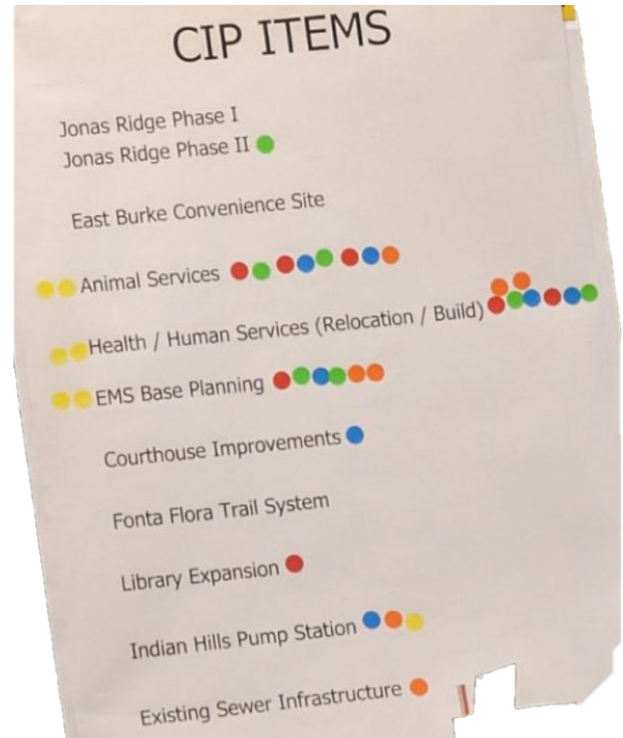


- 1.) Policy Direction on Capital Improvement Plan Financing Policies
- 2.) Identify and Prioritize Potential Capital Project Needs
- 3.) Direct Budget Team to Develop & Present Plan for Approval to Commissioners as part of fiscal year 2023-2024 recommended budget

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After his presentation, Mr. Epley invited the Commissioners to place their seven dots next to the CIP projects they deemed most important to the organization and the community. This data will be used to evaluate the highest priorities for comparison to the total resource encapsulation and plan development. Once the details have been fine-tuned, it will be presented to the Board to support, change, or deny at their discretion. He also responded to questions from the Board concerning some of the projects on the CIP list. Of the 11 proposed CIP projects, the animal shelter, the health and human services building, and EMS base planning overwhelmingly received the most dots.

Chairman Mulwee opened the floor for questions or comments on the process. Commissioner Burns stated that the CIP items listed are for developing the priorities for the County, to be approved at a future time, at the discretion of the Board. He reiterated that this is only an evaluation exercise and none of these CIP are approved at the present time.



RESULT: NO ACTION TAKEN.

RECESSED AT 4:12 P.M.

Motion: To recess to March 3, 2023, 10:00 a.m., LJSPVC, 2229 Lake James State Park Road, Nebo, N.C.

RESULT: APPROVED [UNANIMOUS]

MOVER: Phil Smith, Commissioner

AYES: Scott Mulwee, Jeffrey C. Brittain, Randy Burns, Johnnie W. Carswell, and Phil Smith

Approved this 17th day of October 2023.

Scott Mulwee, Chairman
Burke Co. Board of Commissioners

Attest:

Kay Honeycutt Draughn, CMC, NCMCC
Clerk to the Board