

**CAMPBELL COUNTY FISCAL COURT
MINUTES**

September 2, 2009

A special meeting of the Campbell County Fiscal Court was held on Wednesday, September 2, 2009, 4:00 p.m. at the Campbell County Courthouse located at 8352 East Main Street, Alexandria, Kentucky.

In attendance at the meeting were:

COUNTY JUDGE/EXECUTIVE:
STEVE PENDERY

COUNTY COMMISSIONERS:
DAVID OTTO
KENNETH RECHTIN
MARK HAYDEN

Robert Horine	County Administrator
Melissa Williams	Director of Administration
Laurie Dowell	Assistant County Attorney
Jim Seibert	Fiscal Director
Paula Spicer	Fiscal Court Clerk
Chief Keith Hill	Campbell County Police Department
Greg Buckler	Jailer

The meeting was called to order at 4:00 p.m. by Judge Pendery. Cable Access was present to film the meeting.

Judge Pendery asked for a moment of silence, followed by the Pledge of Allegiance. Following roll call, a quorum was declared present.

Minutes from the regular Fiscal Court Meeting held on August 19, 2009 and from the Mayor's Meeting held on July 28, 2009 were presented. Motion was made by Commissioner Rechtin, seconded by Commissioner Otto, to approve the minutes. All voted "AYE" and the motion passed unanimously.

Judge Pendery called on Greg Buckler, Campbell County Jailer, to begin his presentation on the Detention Center's Community Service Program and the last fiscal year's budget. Mr. Buckler had previously provided the Fiscal Court members with a written report. He reported that the Jail revenues for the past fiscal year were 1% higher than projected, while expenses were about 4% less than expected. This year the State instituted an early release program through which the jail lost an estimated 190 inmates, meaning a revenue loss of approximately \$484,623. Mr. Buckler explained that this year the Restricted Custody Center budget actually saw a net profit of \$427,768 due to the success of the Community Service Program. The Program this year

provided 190,123 man hours of free service to 44 entities in Campbell County, a savings of \$1,929,750.99 to the citizens of Campbell County. He stated that they will be doing cleanup work at the Alexandria Fair every morning this coming week. The Community Service Program is the largest contributor to the State's Adopt a Highway program, having adopted 92.98 miles of state roads in addition to cleaning up county roads and other projects. Judge Pendery called the Community Service Program a wonderful program stating that the program, combined with several others, have gone a long way to closing the gap between expenses and income at the jail. The State of Kentucky is paying the County a little less today to house prisoners than it did 20 years ago. So the County has identified a number of things that they could do at the jail to reduce costs and raise revenue. He commended Mr. Buckler for a doing a good job.

Judge Pendery asked if anyone in the audience would like to address the Fiscal Court. Tim Nolan addressed the Fiscal Court about two recent articles in the newspaper. The first was about the underutilization of the Alexandria Courthouse, which Mr. Nolan thought that the article indicated that the County seems to admit that the building is probably underused. The second issue was that at the groundbreaking of the Justice Center expansion, Chief Justice Minton while talking about the history of the Justice Center, mentioned that it was built with taxpayer money in Newport, outside of the County seat in Alexandria. He stated that he has a pending lawsuit against the County which has been costly to both parties, and he understands that the County does not have insurance to cover the expenses. In view of the fact that the County believes that something should be done to better use the Alexandria Courthouse, Mr. Nolan volunteered to help the County, and in particular to help locate parking space for the building. Mr. Nolan listed a number of nearby locations that could be acquired by the County for parking. He stated that he has met with the County's attorneys to negotiate a solution to the lawsuit. He recently filed an appeal to the Circuit Court's ruling in his lawsuit against the County on the basis that it did not address the issue of what needs to be at the county seat in Alexandria under the law. Mr. Nolan pointed out that the County's attorney also filed an appeal on a different issue in the ruling. Mr. Nolan offered to meet with the Fiscal Court in various venues in an effort to settle the lawsuit rather than continuing to the Court of Appeals and ultimately the Supreme Court. He pointed out that apparently Supreme Court Justice Minton already considers Alexandria the county seat. Judge Pendery responded that the Fiscal Court did analyze the potential for the Alexandria Courthouse, but determined that it was less expensive to buy the old Alexandria City Building to provide services in Alexandria, compared to the expense of rehabbing the older Courthouse and potentially ruining the historic nature of the building. Mr. Nolan thought that his meeting with the County's attorney was going well until he was told that a commissioner had told the attorney not to negotiate with him. Mr. Nolan again stated that he would like to be part of the discussion on how to best utilize the building. He further stated that he would be agreeable to using a mediator to settle the lawsuit, as it is only going to get more expensive. In reply to Commissioner Hayden's question, Mr. Nolan stated that his attorney told him that the County's attorney was told by a Commissioner to stop negotiations. When asked by Commissioner Otto, Robert Horine advised that the County has spent about \$50,000 for legal expenses in connection with Mr. Nolan's lawsuit. Judge Pendery stated that these issues should be discussed by the attorneys for the parties.

There being no old business, Melissa Williams presented Resolution R-114-09 which was read by title and summary given. R-114-09 accepts the proposal of Ameresco, Inc. for an Energy

Savings Performance Contract. Commissioner Hayden made a motion to adopt R-114-09, seconded by Commissioner Otto. All voted "AYE" and the motion passed.

Ms. Williams stated that there were three motions relating to three patrolmen in the Police Department who are eligible for an increase in salary in accordance with the FOP working agreement. A motion was requested to adjust the salary of Patrolman Nicholas Heiert in accordance with the current FOP Agreement from Grade III 11C to Grade III 11D effective September 21, 2009. Motion was made by Judge Pendery, seconded by Commissioner Rehtin. All voted "AYE" and the motion passed.

A motion was requested to adjust the salary of Patrolman Eric Surber in accordance with the current FOP Agreement from Grade II 10A to Grade II 10B effective September 22, 2009. Motion was made by Judge Pendery, seconded by Commissioner Otto. All voted "AYE" and the motion passed.

A motion was requested to adjust the salary of Patrolman Geoffrey Lucas in accordance with the current FOP Agreement from Grade I 9A to Grade I 9B effective September 23, 2009. Motion was made by Judge Pendery, seconded by Commissioner Rehtin. All voted "AYE" and the motion passed.

Robert Horine requested that at the end of the regular business, the Fiscal Court make a motion to meet in Executive Session to discuss pending litigation pursuant to the appropriate statute. He anticipates that no action will be taken after the Executive Session.

Commissioner Rehtin stated that in a recent article KACo recognized that it has had a significant savings in its insurance lines and wants to declare a dividend. He suggested that the Fiscal Court adopt a resolution to be sent to the KACo Board of Directors urging them to adopt recommendations made by the State Auditor. He would like to see this on the agenda for the next meeting. Robert Horine stated that he will get a list of the names and addresses of the Board of Directors, and also a copy of the Auditor's recommendations.

Judge Pendery announced that the Alexandria Fair and Horse Show starts today beginning with tonight's parade and runs through September 7, 2009.

Judge Pendery then announced that the Campbell County Senior Picnic will be held on September 16, 2009. Tickets are \$8.00 presale and are available at the Senior Center and the Fiscal Court offices.

Jim Seibert presented two items in connection with the Fiscal Court offices' move to the new administration building at 1098 Monmouth Street. He first requested a motion to authorize staff to request proposals to provide cleaning and janitorial services at the new County Administration Building. Motion was made by Commissioner Rehtin, seconded by Commissioner Otto. All voted "AYE" and the motion passed.

A motion was requested to authorize staff to request proposals for professional moving services in connection with the move to the new County Administration Building. Motion was made by

Commissioner Otto, seconded by Commissioner Rehtin. All voted "AYE" and the motion passed.

Resolution R-113-09 was read by title and summary given. R-113-09 authorizes the County Judge/Executive to file an application with the Northern Kentucky Area Development District to obtain Area Development Grant funds. This grant in the amount of \$19,140.00 would provide funding for the purchase of equipment for the Road Department. Commissioner Rehtin made a motion to adopt R-113-09, seconded by Commissioner Otto. All voted "AYE" and the motion passed.

A motion was requested to purchase two vehicles for the Police Department from Countryside Motors under the State Contract price. The vehicles are a 2010 Ford Crown Victoria at a cost of \$20,907.00 and a 2010 Ford Taurus at a cost of \$18,134.00. Motion was made by Commissioner Otto, seconded by Commissioner Rehtin. Judge Pendery and Commissioners Otto and Rehtin voted "AYE" and Commissioner Hayden voted "NAY". Judge Pendery pointed out that the original budget called for the replacement of five vehicles; however they are only replacing two in an effort to save money.

Mr. Seibert then requested a motion to approve the claims as presented for September 2, 2009. Laurie Dowell advised that County Attorney James Daley had reviewed the claims and all appear appropriate. Motion was made by Commissioner Otto, seconded by Commissioner Hayden. All voted "AYE" and the motion passed.

Ordinance O-08-09 was read by title and summary given. O-08-09 relates to the annual budget and tax rates, setting the General Fund Ad Valorem Tax Rate at \$12.40 per \$100, the Tangible Personal Property Tax Rate at \$21.54 per \$100, Motor Vehicle Tax Rate at \$13.10 per \$100 and the Watercraft Tax Rate at \$13.10 per \$100 valuation. Commissioner Hayden made a motion to adopt O-08-09, seconded by Judge Pendery.

Judge Pendery explained the action taken by the legislature last year that affected only Campbell County, and the resulting impact on the County's budget. When the Courthouse Commission and its tax were abolished, the County had to assume responsibility of the County Clerk, Sheriff, and Property Valuation Administration (PVA) offices at a cost to the County of \$400,000 this year. By taking the 4% increase on property tax allowed by law, the County will recover about \$250,000 to offset this responsibility. The 4% property tax increase adds about \$5.00 on the average homeowner's tax bill. Judge Pendery pointed out that the County is already taking action to control costs; i.e. 75% of employees are not getting raises this year, all employees with family plan health insurance coverage will contribute an additional \$1,000 toward that expenditure, one position has been eliminated and other vacancies are not being filled, most of the repaving program has been eliminated and many nonessential capital expenses have been cut from the budget. Despite these actions, the budget revenues will fall \$3 million short of remaining expenses. Using a pie chart, Judge Pendery explained how the proceeds of a typical tax bill are disbursed, with approximately 10-12% going to the Fiscal Court. The property tax rates for Boone and Kenton Counties were compared to Campbell County's rate which was lowest. He then compared the budgets of Boone and Kenton Counties and the Cities of Covington and Florence to Campbell County's which was lower. Judge Pendery stated that most

of the County's sources of revenue do not adjust for inflation. Sources of revenue such as payroll taxes, insurance premium taxes, certain fees, jail revenues from the State to house prisoners, and investment income are all down this year. The County is also faced with an increase in pension costs which is out of the County's control, and the responsibility of housing three additional departments. All of this means a \$3 million shortfall for the County. Judge Pendery recommended to the Fiscal Court that they adopt the proposed tax rates.

Lloyd Rogers stated that Boone County is one of 116 counties in Kentucky that has eliminated its Police Department by combining it with the Sheriff's Department. He suggested that the Fiscal Court form a committee to investigate combining the Sheriff and Police Departments in Campbell County to save money. Judge Pendery responded that the departments in Boone County were duplicating services. There is no overlap of services in Campbell County. In the case of Campbell County, it would be better to eliminate the Sheriff's Department in favor of the Police Department. Mr. Rogers stated that when he was Judge/Executive he considered combining the departments, but the three Commissioners would not agree to it.

Eric Stein asked if the mistake in the watercraft assessment had been corrected. Jim Seibert advised that it was a mistake made by the State; it has been corrected but it does not affect any of the calculations of the tax rates. He stated that there was simply an extra digit added by mistake.

J. R. Roth stated that he does not agree with what he is hearing regarding the tax rates. He stated that it looks like the Library, Health District, Extension Service and Soil Conservation are not raising their rates. They are remaining the same as last year, so it is possible to live within your means. Mr. Roth suggested that the Jailer could bid on providing moving services to the new building and perform the work for free. He questioned some of the items in the budget such as \$900,000 for furniture for the new building, property acquisition, deposit errors, etc. He doesn't see any evidence of "belt-tightening". Mr. Roth also questioned the \$4 million for TANK. Judge Pendery pointed out that several of the budget categories were voted on by the public, including a referendum for TANK. Mr. Roth recalled that for 30 years or so the tax rate for Campbell County has been a 4% increase.

Tim Nolan stated that the purpose of the Fiscal Court is to provide service for the unincorporated areas of Campbell County, and to cooperate with the cities in their provision of services for the rest of the County. He asked what percentage of the budget is mandated by law and what services are not mandated. He suggested that they could eliminate services that are not mandated before they consider raising taxes. Mr. Nolan specifically asked if the Fiscal Court was mandated to give the amount that they give to TANK, or is it discretionary; he sees a lot of empty buses in the south end of the County. Judge Pendery replied that the County is not mandated to give a particular amount to TANK; TANK is managed by a board comprised of appointees from the three Fiscal Courts. Mr. Nolan stated that it is nice to help people, but if the County is not forced to do it by law, they shouldn't be doing it; government is not a charity. Judge Pendery stated that the Fiscal Court does not take action like they are considering tonight, lightly. He asked that people not channel the anger that they may have toward the state or federal government to local government. All money that the County receives is spent on the citizens of Campbell County. Judge Pendery stated that he does not like taking this action, but it is something that needs to be done. He advised that staff has a budget meeting every week to

explore ideas on how to close the budget gap so that they don't run through their reserves. At the current pace the reserves will be exhausted within 18 months.

Commissioner Otto stated that the County contributes to the Senior Center and Senior Services of Northern Kentucky to provide meals to elderly people who live in Bellevue, Dayton, Newport, or Ft. Thomas. This is a service that could be eliminated. He stated that people who live in cities in the north end of the County, like himself, pay County taxes, but receive very little services from the County. He cares about the citizens of Campbell County, and the decision made tonight does not come easy for the Fiscal Court. He pointed out that the tax is about a \$5.00 increase for the owner of a \$100,000 home. Commissioner Otto stated that in these trying economic times, requests for services from the County have gone up. Tim Nolan stated that this is not a charity, but government. He would like to see a list of nonmandated services. Judge Pendery stated that the senior programs, mental health/mental retardation, and so-called social programs, including TANK, were voted on by the public.

Jim Wagner, a lifelong Campbell County resident, stated that he is concerned that the County is taking this action at this particular time; it is a disservice to some of the citizens. He recognized that the Fiscal Court is trying to do a good job, he has respect for them, and knows that this is not an easy decision. However, there are a lot of people on fixed incomes. A tax increase is going to be unpalatable to everybody.

Commissioner Hayden stated that this is a very tough decision to make. He has a lot of respect for the members of the Fiscal Court, but he can not support the 4% tax increase. He stated that the taxpayers of Campbell County are suffering in these economic times, and the last thing that they need is a tax increase. Commissioner Hayden stated that citizens have had to make significant cut backs, and the County should also. Many businesses have seen their revenues go flat or decline and they can not pass an ordinance to raise more revenues. The same thing applies to the residents of Campbell County. In these extraordinary times, the Fiscal Court should not impose a rate increase on the already overtaxed and overburdened citizens. Commissioner Hayden stated that the Fiscal Court should take a leadership role on a local level, sending a signal to the state and federal government that it is time to stop taxing citizens and find ways to cut expenses. He hopes that the other members of the Fiscal Court will think carefully about this issue and vote against the increase.

Commissioner Rehtin stated that as recently as nine months ago he spoke about not hiring and not increasing salaries, and voted accordingly on several personnel issues. He stated that the budget is a plan, and he previously pointed out that the revenue side of the budget is extremely optimistic, and because of that voted against the proposed budget. However, voting against the tax rate increase would be fiscally irresponsible. He stated that the County will experience a \$680,000 budget shortfall in payroll taxes. He stated that expenses have to come in under income. If the County does not take the proposed tax rate, they face a deficit of three quarters of a million dollars. The dilemma is that they have to do this; it is the fiscally responsible thing to do. Commissioner Rehtin stated that there are expense items that need to be looked at. He is pleased that there are weekly budget meetings and that staff is continuing to look for ways to save money.

Commissioner Otto stated that the State has mandated that the County house the County Clerk, PVA and Sheriff's offices at a cost to the County of over \$400,000 per year. He stated that the County doesn't get its fair share of tax dollars from the State, and never will. The State has also cut the revenue for the jail through its early release program. The County has no control over this kind of action that affects its budget. He stated that the County saved about \$3 million by consolidating dispatch services, only to have its State funding cut by one-third. The County gets numerous unfunded mandates from the State, for example housing the County Clerk, PVA and Sheriff's offices. He has had to make cuts at his own business. Commissioner Otto stated that he has wrestled with this decision, and feels that his job is to do what is best for the citizens of Campbell County.

Commissioner Hayden stated that the fact that he does not want to impose more taxes does not mean that he doesn't care about the citizens; it is just the opposite. Citizens are overtaxed and suffering at this time. He believes that if we are patient and keep taxes low and the economy turns around the County's revenue will go up. All tax sources will improve when the economy improves. He stated that there are capital expenditures that can be put off, and yes they will need to tap into their reserves if they don't take the 4%, but if they are patient and let the economy turn around the revenues will improve over the next couple of years.

Jim Hull stated that the charge for the 911 enhanced system has gone up from 25¢ to \$3.25. There are jurisdictions that use Caller ID to accomplish the same thing at far less cost. He further stated that the cost per square foot for carpet at the new building seems to be very high. He wonders how they justify the cost. Robert Horine stated that perhaps Mr. Hull is referring to the unit cost for changes to the carpet. He stated that the change order also includes other items, and he can get the exact cost for Mr. Hull.

Judge Pendery stated that there is a motion and second for O-08-09 and called for a vote. Commissioners Otto and Rehtin and Judge Pendery voted "AYE", and Commissioner Hayden voted "NAY". The motion passed.

Judge Pendery requested a motion for Executive Session. Motion was made by Commissioner Rehtin, seconded by Commissioner Otto. Robert Horine stated that the request for Executive Session is pursuant to KRS 61.810(1)(c) to discuss pending litigation against the public agency. All voted "AYE" and the motion passed. Judge Pendery advised that there will be no action taken by the Fiscal Court as a result of the executive session.

A motion was made by Commissioner Rehtin to adjourn the executive session, seconded by Commissioner Otto. All voted "AYE" and the motion passed.

There being no further business to come before the Fiscal Court, Commissioner Otto made a motion to adjourn, seconded by Commissioner Rehtin. All voted "AYE" and the meeting adjourned at 6:40 p.m.

Attachments:

Resolution R-114-09 Accept Proposal of Ameresco, Inc.

Resolution R-113-09 Application for Area Development Grant Funds
Ordinance O-08-09 Annual Budget and Tax Rate for 2009
Claims and Supplemental Claim of September 2, 2009

Approved:

STEVE PENDERY
Campbell County Judge/Executive

Attest:

Paula K. Spicer
Fiscal Court Clerk