

**Special Meeting
July 29, 2015**

Mayor Irvin T. "Butch" Callery called the July 29, 2015 City of Villa Hills Special meeting to order at 6:30 p.m. at the Dennis M. Stein Municipal Building, 719 Rogers Road, Villa Hills, Kentucky. Prayer asked Mayor Callery asked Mr. Bohman to take the roll. Those in attendance:

Mayor Butch Callery
G. Bruns
G. Kilburn
M. Koenig
S. Ringo
J. Vaden
G. Waugaman

Craig T. Bohman, City Administrator/Clerk
Mary Ann Stewart, City Attorney
Dave Whitacre, City Engineer
Bryan Allen, Chief of Police

A quorum was present.

City Attorney Mary Ann Stewart gave a second reading draft Ordinance 2015-H, as amended, increasing the insurance premium tax from 7% to 10%. Mr. Kilburn made the motion to approve draft Ordinance 2015-H as amended, seconded by Mr. Ringo. Mayor Callery opened the floor to discussion.

- Mr. Waugaman explained the purpose of the proposed ordinances is to increase the funding for roads from \$320,000 to \$708,000. Mr. Ringo noted that this is phase I. He noted that citizens will have the option to pass a ballot initiative to reduce the insurance premium tax rate from 10% to 5% and replace the funding with a property tax of 6.7 cents per \$100 which would be tax deductible. Mr. Waugaman informed the public that this property tax on a \$150,000 would pay \$100 per year while a \$200,000 would pay \$134. These would be before any reduction as a result of the homestead exemption. He stated that the amount of money the city receives from Municipal Road Aid has fallen from \$170,000 to \$140,000 and that the vehicle license fee brought in \$220,000 but the insurance premium tax replacement brings in \$180,000. This represents a \$70,000 drop in road funding from traditional sources. Mr. Bruns noted the drop in funds would occur if the council did nothing.
- Mr. Kilburn Stated that he has worked with three different city engineers during his terms in office and all three have to him and previous councils that the city needs to spend \$700,000 per year or more on roads. He wished he could tell residents the proposed taxes would be temporary, but he could not. Mr. Waugaman noted that the ordinance allows future councils to reduce the size of the property tax if the full amount of the funding was not needed.
- Ms. Koenig pointed out for clarification that the 1st reading at the July 15th meeting had the insurance premium tax at 9%, but the amended ordinance had changed to 10%. She expressed concerns about transparency and was not comfortable with 10% due to the lack of notifying the public about the change

between readings. Mr. Waugaman noted the change was the increase in funding from \$650,000 to \$700,000 recommended by engineers and the city needed to bring in the correct amount. Mr. Waugaman referenced an email from Mr. Whitacre detailing expected cost of street improvements increasing to \$760,000 by 2020 to \$800,000 by 2025 up to \$960,000 by 2050. Ms. Koenig replied she was still concerned about transparency and the need to do a better job informing the public. Discussion followed. Mayor Callery noted errors in the newspaper article regarding the increase to 10% and the date of the special meeting and attempted to get the paper to do a correction. He offered to show Ms. Koenig the emails advising the paper of the inaccurate information. Ms. Koenig stated she understood the errors, but did not want to go back to a time when everything changed between meetings and no one told the public about it. Tax increases have a large impact on the lives of residents, more so than other legislation passed by the city, so the public has a right to be informed about the changes in the proposal. Discussion followed. Ms. Stewart noted that it is not unusual for legislation to change between readings and state law contemplates that ordinances change between readings and it is proper procedure to debate those changes in an open meeting.

- Mr. Ringo noted that the .5% increase in the payroll tax is estimated to bring in \$115,000. Under the previous proposal that would have been picked up by taxpayers, but the change took that out and will leave the 1.5% payroll tax in place regardless. He inquired of Mr. Waugaman if the change to 10% insurance premium tax and a 1.5% payroll tax basically washes out in the end with the 6.7 cent property tax. Mr. Waugaman agreed. Mr. Ringo noted that the shift to keep the payroll tax increase in place is a better deal for residents and that the city is facing a deadline to get the question approved to be placed on the ballot and we don't have a month to wait to get this to the county. Discussion followed.
- Mayor Callery recognized Jim Cahill of Sierra Drive. Mr. Cahill stated he supported the proposal to address roads. He thanked Council for taking the steps to address this issue. He stated he had not seen the proposal and was confused about the increase in insurance premium tax to 10% because it would not be reported for 9 months and not collected for a year. He stated if it was being placed on the ballot as part of the question that was a bit disingenuous. In terms of the property tax rate, feedback from the past two ballot questions had been that the rate was too high and it did not sunset. He stated that he agreed that the road tax may never be able to be removed, but voters should have the opportunity to revisit this tax with a sun set provision. He also noted that the current 7% insurance premium tax has already been budgeted by people and not including that in any roll back would reduce the needed property tax rate further. He stated that it was good that the property tax proposal was changed from 7.5 to 6.7 but the proposed rate needs to be lower.
- Mr. Bruns asked what the needed tax rate would be if Council kept both the 1.5% payroll tax and the 7% insurance premium tax. Discussion followed while new rates were calculated. Mr. Ringo replied that the property tax rate would need to be 4 cents per \$100 to bring in the needed amount. Mr. Ringo noted that not including the insurance tax money in the road tax would prevent it from being tax deductible. Mr. Bruns stated he just wanted to see what the number would be. Additional comments from Mr. Bruns followed. Mr. Bruns stated that Council needed to be honest with voters that everyone would be paying more and that council was just trying to make it as palatable as possible. Mr. Ringo

made the analogy that Council decided we need \$100 from taxpayers, they can pay the full \$100 through the insurance tax or they can pay \$100 on the property tax and get \$10 back on their income taxes. Council needed to do a good job explaining that is the option. Mr. Waugaman noted that residents also need to know that other cities' taxes are higher and tax additional items that Villa Hills does not.

- Mr. Waugaman explained that he listened to the comments made by Council at the July 15th meeting and changed the proposal based on those comments. Mr. Kilburn noted that the tax rates of other communities had been compiled by the NKADD. He commented that Council has made efforts to minimize the impact of this increase on residents and the elderly by moving keeping the payroll tax increase as it was the only place to go that would reduce the impact on what residents pay. Mr. Kilburn stated that the proposal represented a balanced approach and that he wanted to solve the road funding problem. He noted that there has been \$3 million dollars in deferred maintenance since the first ballot question and noted upcoming projects like Valley Trails and Buttermilk are very large projects. This proposal does not catch up on needed road work but just bring in what the city needs to keep up with. Mr. Waugaman commented that it would be a relief to residents to have this issue addressed and not have to worry about it anymore.
- Mr. Ringo noted his road was replaced after just 27 years. He was leery of the 50 year repair schedule but the proposal did not need a sunset provision because future councils could reduce it as needed.

With no further questions or comments, a roll call vote was taken as follows:

Mr. Bruns	aye	Mr. Ringo	aye
Mr. Kilburn	aye	Ms. Vaden	aye
Ms. Koenig	aye	Mr. Waugaman	aye

Motion carried 6-0. This will become Ordinance 2015-9

Ms. Stewart gave a second reading to draft ordinance 2015-I, an increase the payroll tax to 1.5% effective January 1, 2016 its second reading. Mr. Ringo made the motion to approve, seconded by Mr. Kilburn. Mr. Kilburn reiterated that all the points he made regarding the previous question also apply to this ordinance. A roll call vote was taken as follows:

Mr. Bruns	aye	Mr. Ringo	aye
Mr. Kilburn	aye	Ms. Vaden	aye
Ms. Koenig	aye	Mr. Waugaman	aye

Motion carried 6-0. This will become Ordinance 2015-10

The next item on the agenda was the first reading of draft ordinance 2015-J a ballot question proposing to reduce the insurance premium tax from 10% to 5% and approve a 6.7 cents (\$0.067) per \$100 special ad valorem property tax for road maintenance.

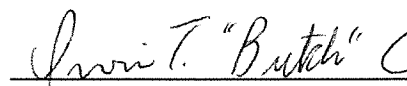
- Ms. Stewart explained the procedure for placing a question on the ballot and read the title and summary of draft ordinance 2015-J, giving it its first reading.
- Mr. Ringo volunteered to be a part of public hearings in late September and October. He stated that Council had to be clear that \$450,000 in taxes is on the ballot for voters to decide if they want those taxes to be tax deductible or not. Mr. Ringo suggested holding one public hearing at River Ridge and one hearing at Villa Madonna. Mayor Callery invited any citizen that wanted to be on the committee to help explain the proposal can join. Mr. Kilburn agreed with Mr. Ringo and offered to help out to explain the plan and the need for the funds.
- Mr. Waugaman suggested putting a program together to educate the voters on this proposal, including some rate calculations. He noted that getting numbers for an individual's insurance premium tax may be difficult, but that people could determine those numbers for themselves.
- Mr. Bruns noted that residents are already paying a portion of the proposed road tax on their insurance premium tax and that the actual increase would be represented by the 4 cents per \$100 before taking into account any tax deduction. Mr. Ringo noted that the city needs to do a better job in explaining the math so residents can determine how they can benefit themselves. Mr. Bruns also wants to explain the pictures of roads built recently that need to be rebuilt.
- Mr. Kilburn noted that 50 years ago that the city used to be able to control the specifications when roads where built. Later the state took city control away and now the city must take roads from builder regardless of conditions. This has put cities at a disadvantage. He agreed that the city should have at least two public hearings. Discussion followed about the conditions of various roads and Municipal Road Aid funding.
- Ms. Koenig noted the addition of ADA ramps and nice street sign, pole and stop signs as a part of the proposal. Taxpayers will get more than just their road repaired. She stated that property values will rise as a result of these improvements.
- Mr. Kilburn thanked the Mayor for making Mr. Bohman available to assist with the development of the proposal. Mr. Kilburn stated he was proud to be a part of a team willing to tackle this problem.

With there being no further agenda items, motion to adjourn made by Ms. Koenig, seconded by Mr. Kilburn. Motion carried by voice vote all in favor.

Time of adjournment was 7:26 p.m.

Respectfully submitted,


 Craig T. Bohman, City Administrator/Clerk


 Irvin T. "Butch" Callery, Mayor