

**CLOSED Session of the Daviess County Fiscal Court
held at the Courthouse in the City of Owensboro,
County of Daviess, Commonwealth of Kentucky
on this 21st day of April 2011 – 4:00p.m.
Present were Judge/Executive Al Mattingly and
County Commissioners Jim Lambert,
George Wathen and Charlie Castlen**

By a motion of Commissioner Lambert, seconded by Commissioner Castlen, the court considered to enter into Closed Session per KRS 61.810 (1)(b) & (c) - Deliberations on the future acquisition or sale of real property by a public agency, but only when publicity would be likely to affect the value of a specific piece of property to be acquired for public use or sold by a public agency and discussions of proposed or pending litigation against or on behalf of the public agency.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

**REGULAR Session of the Daviess County Fiscal Court
held at the Courthouse in the City of Owensboro,
County of Daviess, Commonwealth of Kentucky
on this 21st day of April 2011 – 5:00 p.m.
Present were Judge/Executive Al Mattingly and
County Commissioners Jim Lambert,
George Wathen and Charlie Castlen**

Commissioner Lambert said the opening prayer and led the court in the pledge of allegiance to the flag.

Judge Mattingly proclaimed April 24, 2011 as **GFWC Federation Day** and **May 2011 as Community Action Month**.

Members of the GFWC received the proclamation and thanked the court for proclaiming April 24 as GFWC Federation Day.

Kami White of Audubon Area Community Services received and thanked the court for the Community Action Month proclamation.

Helen Mountjoy presented a report of the Cultural Organization Review Panel (CORP) established by the City of Owensboro. A summary of the report follows:
Full report is located in file folder dated April 21, 2011.

REPORT OF THE CULTURAL ORGANIZATIONS REVIEW PANEL

One of the factors which separate our community from others of similar size is the broad access to the arts which our citizens enjoy. Recognizing their importance, the City of Owensboro has, over the years, invested annually in agencies which provide its residents exposure to and enjoyment of a wide range of artistic and cultural endeavors. As a community we understand the significant role played by these organizations in enhancing educational opportunities, in contributing to the quality of life and in promoting economic development.

Because of their commitment to the future of artistic and cultural activities in our community, Mayor Ron Payne and the Board of City Commissioners established the Cultural Organizations Review Panel (CORP) in March 2010. The overarching goal for the group's work was to identify ways to bring fiscal stability to our arts agencies and, thereby, ensure the availability of a vibrant arts community for our children and grandchildren.

The work of the CORP was divided into two major phases. The first was devoted to familiarizing panel members with the financial and organizational status of each of the eight cultural entities which regularly receive funding from the city. The second phase focused on strategies employed by other communities or envisioned by the panel to assist the organizations in attaining fiscal stability and sustainability.

Owensboro's cultural organizations face some very serious challenges. The global economic downturn has had a negative impact on donations, sponsorships, attendance and investments. Cut-backs at the state level and changes in assessment protocols have had an adverse affect on some partnerships with schools. At the same time the buildings occupied by some of our cultural organizations require expensive maintenance and repair projects. And, local corporations which supported cultural activities in Owensboro for decades are increasingly owned "out of town" and are, in many cases, much less committed to investing in local organizations. Finally, lingering construction debt at RiverPark Center and a financial crisis which threatened to close the doors of the Owensboro Museum of Fine Art have focused everyone's attention on the precarious nature of financial solvency for cultural organizations.

In the face of these challenges, each of the eight organizations included in this study is working hard to continue its service to the community. The members of the Cultural Organizations Review Panel believe, however, that ensuring their long-term financial stability and sustainability will require some significant changes in the ways the city interacts with and funds the organizations. There must be a consistent structure of support which promotes operational and management excellence. The organizations must become more accountable to the public for their use of city funds. There must be more collaboration among the organizations and a willingness to work closely with other city agencies and organizations and with our educational institutions at all levels to maximize the return on investment of the public's dollars.

In today's economic climate, significant additional funds for arts organizations from any public source appear to be non-existent. And, the public is demanding more accountability from every organization which receives tax dollars. The challenges for our local groups will be to maintain their allocations from public sources and to position themselves through demonstrations of good management, good governance and outstanding programming for foundation and other private grants.

To these ends, the Cultural Organizations Review Panel recommends the following:

1. To ensure that its taxpayers receive maximum benefit from the investment of their dollars in the cultural organizations, the City Commission should set certain standards for board and organization operations as pre-requisites for the receipt of public funds.
2. To be considered for continued funding from the city, any organization which has run an operating deficit, exclusive of depreciation, for the two preceding years should submit a reasonable, viable and attainable business plan for correcting the deficit to the City Commission and/or its designated agent. Implementation of the plan should be a requirement for continued funding.
3. Organizations which receive city funding should be expected to maximize their own fund raising capabilities through diversification of their funding streams.
4. To treat each organization equitably, the city should standardize its contracts with the organizations which are housed in city-owned buildings.
5. To maximize the impact of a coordinated event and scheduling plan, each of the cultural organizations should regularly and actively participate in the meetings of the Daviess County Convention and Visitors Bureau Festival and Events Committee.
6. There has been discussion that when OMU benefits from its sale of excess capacity the city would receive one third of the proceeds. We recommend that the city's share be placed into an escrowed account and used to assist with the retirement of debt existing prior to January 1, 2011, and for major maintenance projects for the cultural organizations, as approved by the City Commission. A portion of these funds should also be devoted to underwriting a Community Arts and Cultural Council.
7. To fully maximize for the city the benefits offered by our cultural organizations, we recommend the establishment of a Community Arts and Cultural Council to promote collaboration, provide training and assistance, create efficiencies through joint purchasing, engage in advocacy and serve as the city's agent to ensure that the organizations receiving tax dollars have both capable professional leadership and competent governing boards.
8. The City should replicate the KY Arts Council Grant Application for use at the local level and designate the Community Arts and Cultural Council to manage the allocation process.
9. Should the Bluegrass Music Museum move to new quarters, the space it currently occupies should be utilized to establish a home for the proposed Arts Academy and to provide space for the Community Arts and Cultural Council.
10. The City Commission should explore the possibility of a close working relationship between the Western KY Botanical Garden and the city's parks department.
11. The City Commission should explore the potential benefits of designating at least a portion of downtown as an Arts and Cultural Development District.

One of the factors which separate our community from others of similar size is the broad access to the arts which our citizens enjoy. Recognizing their importance, the City of Owensboro has, over the years, invested annually in agencies which provide our residents exposure to and enjoyment of a wide range of artistic and cultural endeavors. As a community we understand the significant role played by these organizations in enhancing educational opportunities, in contributing to the quality of life and in promoting economic development.

Because of their commitment to the future of artistic and cultural activities in our community, Mayor Ron Payne and the Board of City Commissioners established the Cultural Organizations Review Panel (CORP) in March 2010. (See Attachment A for list of panel members.) The overarching goal for the group's work was to identify ways to bring fiscal stability to our arts agencies and, thereby, ensure the availability of a vibrant arts community for our children and grandchildren. To accomplish this, the CORP was asked specifically to:

- assess the financial and operational conditions of the cultural and arts organizations supported by the City of Owensboro
- identify problems or concerns threatening the long-term success of these institutions
- develop strategies to address these problems and bring financial stability to these organizations
- report its findings to the Owensboro Board of Commissioners

In response to the charge it received from the Mayor and the Owensboro Board of Commissioners, the CORP met fifteen times over a ten month period. Its work was divided into two major phases. The first was devoted to familiarizing panel members with the financial and organizational status of each of the eight cultural entities which regularly receive funding from the city. (See Attachment B for a listing of the organizations.) The second phase focused on strategies employed by other communities or envisioned by the panel to assist the organizations in attaining fiscal stability and sustainability.

From April through July the CORP met with representatives of each of the cultural organizations. The panel reviewed their current applications for city funding and additional information which it requested. (See Attachment C for a listing of additional financial and operational data reviewed.) The goal was to fully understand the financial status of each group and to identify the major factors contributing to it.

The panel also sought to enumerate both the challenges which the organizations share and those which affect them individually.

Clearly the global economic downturn of the past two years has been felt by our local cultural organizations. Donations have declined; sponsorships have become harder to obtain. In several cases there have been reductions in attendance at events and programs as community members cut back on their discretionary spending. Those organizations with endowments and/or with invested funds saw anticipated revenue from these sources sharply curtailed. Additionally, changes in the achievement tests administered to Kentucky's public school students and significant budget constraints imposed on the schools have had an impact on the partnerships which several organizations have enjoyed over the years. At the same time, the buildings occupied by some of our cultural organizations require expensive maintenance or repair projects. And, local corporations which supported cultural activities in Owensboro for decades are increasingly owned "out of town" and are, in many cases, much less committed to investing in local organizations. Finally, lingering construction debt at RiverPark Center and a financial crisis which threatened to close the doors at the Owensboro Museum of Fine Art have focused everyone's attention on the precarious nature of financial solvency for cultural organizations.

In the face of these challenges each organization is working to continue its service to the community. Most are actively exploring ways to reach new audiences and new benefactors. They are engaging in joint projects with one another. Several have made the very difficult decisions to reduce the number of employees, to reduce compensation and benefit levels, and/or to reduce programming to live within their means. Their boards take justifiable pride in the frugality, fiscal responsibility and foresight which have enabled them to meet the current challenges. The members of the CORP believe that any recommendations enacted by the City of Owensboro should not penalize these organizations which have practiced good stewardship of their funds. Other boards and their staff seem just now to be discovering that the current economic and political landscapes will not support business as usual. All of our cultural organizations will need continued support at some level from local government even as new funding streams are identified and tapped if they are to remain a vibrant part of the community. The City Commission, however, has an obligation to its taxpayers to ensure that the organizations it supports are well run, well governed, and well positioned to meet the changing needs of the community. The recommendations of the CORP include measures to promote these aims.

Over the years the City of Owensboro has played a major role in sustaining our cultural organizations. In most instances, the contribution budgeted by the City has increased by about 2% per annum for each individual organization. In the current fiscal year each has received an increase of less than 1.5% over last year's allocation. These funds have been used primarily for operating expenses. The percentage of total operating expenses which the City contributes to the organizations varies widely, however. In one recent year three groups received less than 10% of their operating budgets from the city while two others received more than 30% of theirs from the city.

In examining the status of the cultural organizations, the CORP focused on governance practices, staffing patterns and compensation levels, balance sheet information, endowment levels and identified challenges. The following pages detail this information for each organization.

INTERNATIONAL BLUEGRASS MUSIC MUSEUM

Governance

- 20 Trustees, many experts in the bluegrass music industry and from out of town
- Two, 2-day formal meetings each year. Average attendance: 12
- Donations to the Museum expected from each Trustee
- Has term limits in place for both Trustees and board officers
- Strategic plan in place

Staffing/Compensation

- 3 salaried staff, 5 hourly staff working less than 40 hours/week
- 13 contract staff
- The Executive Director took a pay reduction in FY 08, FY 09 and FY 10 because of budget pressures
- In light of an anticipated significant increase in workload due to the potential move and expansion of the IBMM and the Bill Monroe Centennial activities, the board increased the Executive Director's salary to \$75,000 at its November 2010 meeting
- Benefits include health insurance, vacation, sick leave, bereavement days, personal days, and holidays

Endowment

- None

Formal Relationship with the City

- The City owns the facility and IBMM gets its use rent-free
- IBMM paid for renovations to the building and contributed \$3 million toward the cost of the RiverPark Center
- IBMM pays for maintenance, repairs, insurance, and utilities on the building
- The City holds two accounts payable to IBMM for specific purposes

Financial Notes

- Debt balance \$29,050
- Operating deficits in each of the past 5 years
- IBMM moved some permanent staff positions to contract positions to save money on salaries and benefits as a cost saving measure
- Several new revenue generating programs/projects are under development
- Snapshot of '08-'09 operations budget – data from Alexander and Co. audit
- Support from city: \$25,000
- Total expenses: \$668,592
- Decrease in net assets: -\$117,655

Identified Challenges

- Significant maintenance/repair needs if IBMM stays in the current location. Even greater renovation costs if they move to the state office building.

OWENSBORO DANCE THEATRE

Governance

- 38 Board members, some from the surrounding areas. Voting members include Artistic Director, her husband, 2 education outreach employees and the husband of one of those
- 10 meetings each year; 20-25 members at each
- No term limits; some board members have served since the founding of the company
- Currently have a grant through the KY Arts Council for a consultant to work with the board on organization, direction, and stability issues
- Strategic plan in place

Staffing/Composition

- 0 full-time, 2 part-time employees
- Staff has been reduced to control costs
- The Artistic Director currently makes \$12,240 and receives no benefits from ODT

Endowment

- 10% of gross annual fund receipts goes into the endowment

Formal Relationship with the City

- None

Financial Notes

- No debt
- Ended last fiscal year with a small balance
- Prides itself on a "Culture of Frugality"
- Snapshot of '08-'09 operations budget – data from Gene D. Boaz, CPA audit
 - Support from city: \$10,196
 - Total expenses: \$139,762
 - Increase in net assets: \$7,942

Identified Challenges

- Need an executive director to focus on fund raising
- Need new sets, new costumes, more storage space
- Challenge of getting students to performances when school budgets are so tight
- RiverPark Center is no longer state of the art for dance performance

OWENSBORO MUSEUM OF FINE ART

Governance

- 17 Trustees, including 2 from out of town plus 2 honorary board members from out of town who have voting rights. The President/CEO is also a voting board member.
- 12 meetings each year; 12 members in average attendance
- Significant changes have recently been made in museum governance. These include the addition of a board development committee charged with the responsibility to restructure the boards of both the museum and its foundation. Changes include the rotation of officers and term limits. Schedules for membership criteria and standing committee participation have been adopted.
- 50 Year Development Plan adopted in 1977 is revised and updated periodically.
 - The latest revision was made in January 2010.

Staffing/Compensation

- 6 full-time, 8 part-time employees
- On the application for city funding, the Executive Director's salary is listed at \$59,100. She receives an additional \$24,400 from the Foundation.
- She has not received an increase since the '07-'08 fiscal year.

- Full-time salaried employees receive health and life insurance

Endowment

- The Foundation, which is treated as a separate organization, has the same board as the OMFA. The OMFA Foundation owns the permanent collection, land including 2 sculpture parks and buildings other than the Carnegie Library.

Formal Relationship with the City

- The City owns the Carnegie Library Building on which the OMFA holds a 99-year lease
- The City pays for the maintenance on the exterior of the building and on its HVAC

Financial Notes

- OMFA operating deficits for FY '04-'05, '05-'06, '06-'07
- Foundation operating deficits for FY '05-'06, '06-'07, '08-'09, '09-'10
- Received additional allocation of \$100,000 from the city in '08-'09 (this was in the form of a special challenge grant) and a \$100,000 advance on the next FY allocation in May 2010. The City also replaced the sidewalks surrounding Ryan Park at a cost of \$39,000.
- Some reductions in staff size have been made in each of the past 4 years
- Gallery hours were curtailed in April '10 and then expanded to include evening hours two nights each week in November '10
- A business plan to correct the financial situation is pending board approval. A consulting firm has been retained to advise on long range financial stability and to implement a fund-raising campaign in early 2011.
- Snapshot of '08-'09 operations budget – data from Riney Hancock audits
 - Support from city: \$248,232
 - Total expenses: OMFA \$590,948 Foundation \$405,247
 - Decrease in net assets: OMFA -\$95,691

Identified Challenges

- Significant on-going deficits which threaten the existence of the organization

OWENSBORO MUSEUM OF SCIENCE AND HISTORY

Governance

- 17 trustees, including a significant % of “emerging leaders” under 40
- 12 meetings per year; 10 members in average attendance
- Term limits more stringent than other groups: 1 3-year term with an option to add a 4th year before you must rotate off the board
- Currently updating the strategic plan

Staffing/Compensation

- 5 full-time, 1 part-time employees
- The Executive Director currently makes \$38,760
- Senior staff receive a \$338 per month stipend for health insurance

Endowment

- Has a small endowment controlled by the board
- The Ford family oversees the Ford Endowment

Formal Relationship with the City

The City owns the old Anderson’s Building in which the OMSH is located.

- There is no rental fee.
- The City pays the insurance on the building itself and for “various building needs.” These have been infrequent, but significant; i.e., in 2006 the City paid \$40,000 towards a new boiler.

Financial Notes

- No debt balance
- No operating deficits
- Snapshot of '08-'09 operations budget – data from in-house financial statements
 - Support from city: \$157,089
 - Total expenses: \$459,399
 - Increase in net assets: \$13,399

Identified Challenges

- Significant renovation needs
- Needs to find money for a full annual audit
- The loss of the utilities discount rate has been a challenge

OWENSBORO SYMPHONY ORCHESTRA

Governance

- 33 board members plus 7 honorary or emeritus members. Broad regional representation.
- 10 meetings each year; average attendance of 20 members
- Has term limits in place
- Has expectations of specific levels of involvement for board members which they must accept prior to appointment
- Very active committee system with rigorous scrutiny of financial data
- Strong strategic plan

Staffing/Compensation

- 5 full-time, 3 part-time employees
- 10% reductions in salary were taken by staff in light of budget pressures
- Executive Director makes \$51,905 plus benefits
- Benefits include health insurance, dependent coverage, and life insurance

Endowment

- OSO has endowed funds and receives income from a perpetual trust
- The Foundation, which has a separate board, controls the endowment

Formal Relationship with the City

- The City holds title to the OSO facility until the 42,700 mortgage balance is paid off
- OSO paid for all renovations
- OSO pays for all facilities costs

Financial Notes

- No debt balance apart from the mortgage. OSO has sufficient funds available to pay off the mortgage at any time
- OSO reduced its season by one performance in response to budget pressures
- “We don’t spend money we don’t have”
- Snapshot of '08-'09 operations budget – data from McElroy Mitchell and Assoc. audit
 - Support from city: \$114,224
 - Total expenses: \$710,151
 - Increase in net assets: \$29,283

Identified Challenges

- Challenge of getting school children to performances when school budgets are tight
- Utilities and insurance costs

RIVERPARK CENTER

Governance

- 24 board members, all live and/or work in Daviess County
- 12 meetings each year; 18 members in average attendance
- No term limits for board members. Three have served since RPC founding. There are term limits for officers.
- No strategic plan

Staffing/Compensation

- 13 full-time employees and 1 contract employee (Pres./CEO)
- 10-100 part-time employees at any given time
- Offers life, health and disability insurance and retirement benefits plus vacation, sick days and holidays
- Senior staff have taken reductions in pay this year
- The General Manager makes \$65,547 plus benefits
- The Pres/CEO (whose contract service is not itemized on the city funding application) is paid \$158,748 and receives no benefit package

Endowment

- Modest endowment controlled by the board.

Formal Relationship with the City

- The City owns the RPC building. The RPC is obligated to pay principal and interest on the bonds the city floated to pay off the construction debt. RPC may soon be in default on this obligation.
- RPC pays for building maintenance and all other expenses related to the facility
- RPC is a part of the City's telephone service system for which it reimburses the City

Financial Notes

- Significant operating deficits each year. (Note: It is not uncommon for venues such as RPC all over the country to run operating deficits.)
- Significant debt
- A "fiscal sustainability task force" is working to develop a realistic business plan to help control costs
- Snapshot of '08-'09 operations budget – data from Riney Hancock audit
 - Support from city: \$163,884
 - Total expenses: \$3,272,360
 - Decrease in net assets: -\$1,101,507

Identified Challenges

- Managing the debt
- Cost of insurance and utilities
- Heavy reliance on contributions and memberships – a 50% decline in contributions is noted in the '07 and '09 audits. Financial support now appears to be at the lowest level in 5 years.
- Significant maintenance and repair needs
- Surplus or deficit of each program is not tracked with overhead included

THEATRE WORKSHOP OF OWENSBORO

Governance

- 13 Board members including good representation of those under 40 years of age
- 12 meetings each year; 10 members in average attendance
- Term limits for both members and officers
- Strategic plan in place

Staffing/Compensation

- 3 full-time, 1 part-time employee
- In response to the economy, no benefits other than paid vacation (3-4 weeks) and a \$250 per month stipend for the executive director's health care are currently offered
- Executive Director makes \$40,000 per year

Endowment

- None

Formal Relationship with the City

- TWO owns Trinity Centre
- The City pays for insurance on the building

Financial Notes

- Small operating deficits in FY '07, '08 and '09
- The board has, over the past 3 years revised its budget reporting process, tightened its financial controls and adopted cost-cutting initiatives
- Snapshot of '08-'09 operations budget – data from Alexander and Co. audit
 - Support from city: \$32,870
 - Total expenses: \$173,844
 - Increase in net assets: \$168,442. This includes funds restricted to the restoration of Trinity Centre or the purchase of Goldie's

Identified Challenges

- Would like to purchase Goldie's to expand programming opportunities
- Need to add back in some benefits for employees

WESTERN KENTUCKY BOTANICAL GARDEN

Governance

- 26 Board members. Since this has been a purely volunteer and board run organization, the Executive Director, Education Director and others with operating functions are members of the board.
- 12 meetings each year; 17 members in average attendance
- Strategic planning for expansion/development of the garden

Staffing/Compensation

- 0 full-time, 1 part-time employee
- Currently seeking an Executive Director who will be salaried

Endowment

- In the process of setting up an endowment which will be controlled by the existing board

Formal Relationship with the City

- The City owns the garden property which it leases to WKBG for \$1 per year

Financial Notes

- Had over \$300,000 in the bank at the end of the last fiscal year
- Has a diversified revenue streams which include memberships, rentals, plant sales, admission fees, grants and special events
- Snapshot of '08-'09 operations budget – data from in-house financial statements
 - Support from city: \$25,000
 - Total expenses: \$51,149
 - Increase in net assets: \$114,618

Identified Challenges

- Financial reporting inadequate
- Never have had a full audit – one is now budgeted for next year

Having assessed the financial and operational conditions of the community's cultural organizations and identified the issues which seem to threaten their long-term success, the Cultural Organizations Review Panel turned its attention to developing strategies to address the problems and enable financial stability. Panel members contacted officials in the "peer cities" group used by the Owensboro-Daviess County Economic Development Corporation for its comparison purposes and each of the other Second Class Cities in Kentucky to obtain information for a comparative analysis of arts activities and funding strategies. (See Attachment D for a listing of those cities.)

The CORP devoted one session to meeting with Lindy Casebier, Deputy Secretary of the Kentucky Tourism, Arts and Heritage Cabinet, and Lori Meadows, Executive Director of the Kentucky Arts Council, to get their perspectives on funding for the arts and to learn about potential assistance from the state. Another meeting included conference calls with Allen Cowen, President and CEO of the Louisville Fund for the Arts, and Jim Clark, President and CEO of LexArts. Both were extremely generous with their time and expertise as the panel sought to understand the relationships which their respective organizations have forged with both their city governments and with their arts groups. The CORP also met with Karen Miller, Executive Director of the Owensboro-Daviess County Convention and Visitors Bureau, to learn more about that agency's relationship with the cultural organizations and the ways it is positioned to assist with their scheduling and marketing challenges.

The CORP additionally solicited suggestions of things which would promote their financial stability from the cultural organizations themselves. (See Attachment E for a compilation of agency suggestions.)

Through the course of its ten month study of Owensboro's arts groups, the members of the Cultural Organizations Review Panel have deepened their appreciation of the contributions these groups make to the community. They enhance our educational opportunities, contribute to the quality of our lives and assist us in promoting economic development. They help set us apart from other communities and add to the pride we feel in our hometown. We want our children and grandchildren to enjoy them as we have been privileged to do.

We believe, however, that ensuring the long-term financial stability and sustainability of our cultural organizations will require some significant changes in the ways the City interacts with and funds the organizations. There must be a consistent structure of support which promotes operational and management excellence. The organizations must become more accountable to the public for their use of city funds. There must be more collaboration among the organizations and a willingness on their part to work closely with the Downtown Development Corporation and the new Convention Center, with the City's Event Manager, the Sportscenter and the City and County Parks Departments, the Convention and Visitors Bureau, the Economic Development Corporation and our educational institutions at all levels to maximize the return on investment of the public's dollars.

In today's economic climate significant additional funds for arts organizations from any public source appear to be nonexistent. And, the public is demanding more accountability from every organization which receives tax dollars. The challenges for our local groups will be to maintain their allocations from public sources and to position themselves through demonstrations of good management, good governance and outstanding programming for foundation and other private grants. The CORP has developed a series of recommendations to address these challenges.

RECOMMENDATIONS OF THE CULTURAL ORGANIZATIONS REVIEW PANEL

1. To ensure that its tax payers receive maximum benefit from the investment of their dollars in our cultural organizations, the City Commission should set certain standards for board and organization operations as pre-requisites for the receipt of public funds. These should include:
 - a. 501(c)(3) status
 - b. Annual audits by a Certified Public Accountant of the agency and its affiliates
 - c. Adherence to the applicable Recommendations for Public and Nonprofit Boards issued by the KY Auditor of Public Accounts, revised 3/4/10 (See Attachment F.)
 - d. Annual training for all board members, with an emphasis on their fiduciary responsibilities
 - e. Development and adoption of a comprehensive strategic plan to guide the organization's budgeting and programming decisions
 - f. Utilization of best practices for board organization and operation, such as:
 - 1) Membership terms and limits for board members
 - 2) Office terms and limits for board leadership
 - 3) Non-voting status for staff members who serve on their organization's board
 - 4) Meaningful annual evaluations of the CEO/Executive Director
 - 5) Strict adherence to appropriate conflict of interest policies
 - g. Demonstration of a willingness to make the difficult decisions necessary to operate within available resources
2. To be considered for continued funding from the City, any organization which has run an operating deficit, exclusive of depreciation, for the two (2) preceding years should submit a reasonable, viable and attainable business plan for correcting the deficit to the City Commission and/or its designated agent. Implementation of the plan should be a requirement for continued funding.
3. Organizations which receive city funding should be expected to maximize their own fund raising capabilities through diversification of their funding streams.
 - a. Organizations should explore expanded utilization of sponsorships which might be provided by individuals and small companies as well as by major corporations.
 - b. Alternative/additional uses of agency facilities as a source of revenue should be explored.
 - c. A variety of fundraising events and campaigns must be an integral part of agency operations.
 - d. Planned giving should be an integral part of each organization's fund raising strategies.
4. To treat each organization equitably, the City should standardize its contracts with the organizations which are housed in city-owned buildings. The diversity in the current system has evolved over time and is not defensible. Each agency should receive the same terms for city provided maintenance, insurance, phone, rent, etc.
5. To maximize the impact of a coordinated event and scheduling plan, each of the cultural organizations which receive city funding should actively and regularly participate in the meetings of the Daviess County Convention and Visitors Bureau Festival and Events Committee.
 - e. The marketing capabilities of the Convention and Visitors Bureau should be fully utilized by each organization.
 - f. Programming which complements the City's full schedule of sporting events should be pursued.
 - g. Supportive programming should be developed by sister organizations when one of their number has a major event which is likely to generate significant external interest.
6. There has been discussion that when OMU benefits from its sale of excess capacity the City would receive one-third (1/3) of the proceeds. We recommend that the City's share be placed into an escrowed account and used to assist with the retirement of debt existing prior to January 1, 2011 and for major maintenance projects for the cultural organizations as approved by the City Commission. A portion of these funds should also be devoted to underwriting a Community Arts and Culture Council. Because the annual level of this "dividend" from OMU will not be reliable or predictable it will not be a good source for "regular" agency funding. If dedicated to the arts, however, it could be used for the types of major funding needs which do not lend themselves either to grants from most foundations or to individual donor interest.

7. To fully maximize for the City the benefits offered by our cultural organizations we recommend the establishment of a Community Arts and Culture Council.
 - h. Both the City Commission and the Daviess County Fiscal Court should appoint members to the Council Board. The cultural and arts organizations will select one additional member for the board to ensure that their views are represented.
 - i. The Council should be empowered to:
 - 1) Hire a director to be paid from the OMU generated funds and an annual allocation from Fiscal Court. (The skills and knowledge needed for this position will NOT be the same as those desired in a City Events Manager.)
 - 2) Manage the grant application process for the City Commission (and possibly the Fiscal Court) and allocate the amount budgeted for the arts according to a process adopted by the City Commission (and the Fiscal Court, if applicable)
 - 3) Promote collaboration at all levels among the agencies
 - 4) Develop a mechanism which will allow the cultural organizations to take advantage of joint purchasing, marketing and insurance programs
 - 5) Organize and provide/contract for high quality board member training opportunities, including that to be required for city appointees to boards
 - 6) Assist agencies to identify grant opportunities and to access grant writing expertise
 - 7) Work with agencies to develop viable business plans
 - 8) Work with the City's Events Manager, the Sportscenter, the Downtown Development Corp., the Owensboro Convention Center, the Convention and Visitors Bureau, the parks departments, the EDC and educational institutions at all levels to develop a plan to maximize the impact of the cultural organizations
 - 9) Explore development of a "Master Ticket" concept among the organizations to promote greater citizen participation in the rich variety of arts programming available in the community
 - 10) Advocate for the cultural organizations at the local and state level
 - 11) Serve as the city's agent to ensure that those agencies receiving tax dollars have both capable professional leadership and competent governing bodies.
8. The City should replicate the KY Arts Council's Grant Application for use at the local level.
 - a. The City Commission should determine annually the amount it will allocate to funding the arts as a whole.
 - b. To avoid bias (real or perceived) and political pressure in its funding, the new Community Arts and Culture Council should appoint a panel, the majority of whose members shall reside at least fifty (50) miles outside the city limits, to review agency applications and to make recommendations for funding levels.
 - c. A scoring rubric should be developed and utilized to ensure a fair and transparent evaluation process.
 - d. Extra points in the scoring process should be awarded for documented evidence of collaboration with other cultural organizations and for programming services which reach underserved populations.
 - e. Having been a recipient of city funding in the past should not be a guarantee of funding in the future.
 - f. The number of persons served by each organization must be substantiated by an accurate measurement and not be simply an estimate of impact.
 - g. Organizations which have affiliates must report the financial data from each entity on their application.
 - h. To assure accountability in the use of city funds, a report detailing the uses to which such funding was put and the results of these expenditures, including verifiable numbers of participants in events, programs and/or exhibits, should be submitted annually and presented to the grants committee in an "exit interview." This report should be received and reviewed prior to consideration of any city funding for the following year.
 - i. The Community Arts and Cultural Council should prepare an annual report to the public detailing the use of tax dollars in supporting the cultural and arts organizations.
9. Should the Bluegrass Music Museum move to new quarters, the space it currently occupies should be utilized to establish a home for the proposed Arts Academy and to provide space for the Community Arts and Culture Council and the support functions it will provide to the arts organizations.
10. The City Commission should explore the possibility of a close working relationship between the Western Kentucky Botanical Garden and the City's Parks Department.
11. The City Commission should explore the potential benefits of designating at least a portion of downtown as an Arts and Cultural
12. Development District and offering incentives for additional arts groups and individual artists to locate within the area.

ATTACHMENT A

Members: Cultural Organizations Review Panel

Helen Mountjoy, Chair
 Martha Clark
 Sara Hemingway
 Scott McCain
 Robin Mercer
 Jerry Morris
 Kevin Schwartz

ATTACHMENT B

Organizations Reviewed:

International Bluegrass Music Museum
 Owensboro Dance Theatre
 Owensboro Museum of Fine Art
 Owensboro Museum of Science & History
 Owensboro Symphony Orchestra
 RiverPark Center
 Theatre Workshop of Owensboro
 Western Kentucky Botanical Garden

ATTACHMENT C

- Additional Information from Each Organization
- Audits from each of the past five years
- Spread sheets showing a five-year history of support, revenues, expenditures for the operating budget
- Five year history of debt service payments, including interest and principal, and capital expenditures
- Five year compensation history for each of the top five compensated employees (or contract workers), including applicable benefits
- Current strategic plan
- Immediate and anticipated building maintenance or repair needs
- Information on any outstanding debt balances, the terms and collateral of borrowed amounts, the plan for retirement of the debt
- Information about endowment funds, if applicable
- Details of any operating deficit within the past five years, including how the shortfall was met and what plans have been implemented to avoid future deficits
- Current budget with YTD variances

ATTACHMENT D

Peer Cities / 2nd Class Kentucky Cities Used to Establish Comparisons of Art Activities and Funding

Peer Cities:

Albany, GA	Lewiston-Auburn, ME
Danville, VA	Pine Bluff, AR
Dubuque, IA	Sumter, SC
Elmira, NY	Victoria, TX
Jonesboro, AR	
Kokomo, IN	

2nd Class Cities in Kentucky:

Ashland	Hopkinsville	Richmond
Bowling Green	Jeffersonton	
Covington	Newport	
Frankfort	Paducah	
Henderson	Radcliff	

ATTACHMENT E

Suggestions from the Cultural Organizations Note: Some of these recommendations are mutually exclusive

Funding

- Continue annual allocations from the City
- Use the same application/reporting process as the KY Arts Council
- Keep politics out of the fund distribution process
- Reward, not penalize, organizations for good financial management. Instead of “bailouts,”
- Encourage further progress and development of those doing well
- Set up a united fund for the arts to raise money to be shared by all agencies
- DO NOT set up a united funds for the arts. It will penalize the groups which have established strong donor bases, add a layer of bureaucracy and cost additional money
- Establish a mechanism for going to the City for support of special needs/projects

Additional Support

- Adopt uniform rental, maintenance and repair policies for all organizations occupying city-owned buildings
- Offer assistance with basic business elements: grant writing, bookkeeping/accounting, payroll function
- Joint marketing: ticket/ information kiosk, collaborative brochure, ticket subsidies for city employees
- Joint purchasing, copy machines, health insurance
- More access to city-owned facilities for storage and office space
- Have city work with the organizations to return OMU policy to one which offers discounted rates to agencies

Agency-specific Suggestions

- WKBG would like to explore joint ventures with the city: garden as a nursery for city plantings, shared horticulturalist and horticultural workers
- RPC management would like the city to assume responsibility for the debt and maintenance expenses on the facility and express concerns about the proposed city management plan

Other Ideas

- Create local Arts TV programming on the public access channel
- Expand coverage and review of arts activities in the Messenger-Inquirer
- Conduct an economic impact study on the arts organizations

For ATTACHMENTS: F & G (See file folder dated April 21, 2011)

Judge Mattingly and Commissioners expressed a sincere appreciation for the work of the CORP.

Fire Chief Dwane Smeathers presented the following information regarding local burning regulations:

It is illegal to start any fire or maintain any fire on less than one (1) acre in Daviess County, outside the city limits of Owensboro and Whitesville, without first having obtained a permit from the Daviess County Fire Department, except the burning of leaves shall be permitted. Permits are FREE and shall be issued for two (2) weeks. It is illegal to start or maintain any fire on or in any public street, road or any public ground in Daviess County, outside the city limits of Owensboro and Whitesville. This includes the right of ways along public roads and streets. Any violation of this ordinance shall, upon conviction, be punished by a fine of not less than \$10.00 or more than \$100.00.

During forest-fire hazard season, February 15 - April 30 & October 1 – December 15 annually, in addition to KRS 149.375, it is unlawful for any person to:

- set fire, or procure another to set fire, to any flammable material capable of spreading fire; or
- set a fire in or within one hundred fifty feet (150’) of a woodland or brush land, except between the hours of 6:00 p.m. and 6:00 a.m., prevailing local time, or when the ground is covered with snow

Safety Tips

- Do not burn too close to any building or area that might endanger the public health and safety.
- Never burn under trees or power lines
- All fires must be closely monitored and never left unattended

Chief Smeathers discussed various alternatives to burning, such as recycling, composting, and depositing waste in the landfill. He encouraged citizens to “learn before you burn” by contacting the following to find out what items can safely be burned. Fines of up to 25,000 may be assessed if burn laws are ignored.

For Burning Information:

- Division of Air Quality: 687-7304 or 1-800-928-2380.
- Kentucky Division of Forestry: 1-800-866-0770
- Daviess County Fire Department: 685-8440

Commissioner Lambert encouraged all citizens to use good judgment when burning items.

Judge Mattingly, “When you are unsure, call the Daviess County Fire Department.”

Judge Mattingly recognized Jacob Wells and his mother, Kim, for attending today’s meeting. Jacob’s attendance will help him in obtaining his Boy Scout “Communications” Merit Badge.

Emergency Management Agency Director Richard Payne and Deputy Director Walther Atherton presented a brief update with regard to storm siren alert protocol. Said information follows:

SIREN ACTIVATION:

- All sirens are activated for 30 seconds at noon Friday for testing
- Sirens are activated for 3 minutes when a Tornado Warning is issued by the National Weather Service
 - The Tornado Warning is a wail sound

- Sirens may be activated a second or third time when a destructive tornado cell is nearing the area
- Parks sirens are activated for Thunderstorm Warnings
 - The sound is an air horn followed by a recorded voice announcement
 - Some residential areas will hear this. Many more will hear it when the new city sirens are installed

TYPES OF SIRENS: We have four types of sirens.

- Standard electronic sirens with reporting capability
 - 30 of our 42 sirens
- Electronic sirens capable of voice with reporting capability
 - We have one at Horse Fork Creek and city will be installing at three parks in the near future
- Inexpensive sirens capable of voice but not reporting
 - Located at Panther Creek and Yellow Creek Park
- Old mechanical sirens not capable of reporting

OTHER:

- Only the National Weather Service can issue a Tornado Warning
- Funnel cloud reports are immediately sent to the National Weather Service in Paducah
 - They check the report against their radar and if they match, they issue a Tornado Warning. If they do not match, a warning is not issued
 - A very high percentage of funnel cloud reports are not valid.
- Individual sirens can be activated for a local emergency
- Groups of sirens can be activated when appropriate

Additional information presented in court is located in file folder dated April 21, 2011.

Sheriff's Department Captain JD Marksberry presented information regarding a Federal Department of Justice Grant, 2011 COPS Program. His department would like the court's approval to apply for this grant which, if approved, would fund the hiring of two new deputies. These funds would pay for the deputies' salaries and benefits for the first three years with the understanding that funds would be committed for the retention of the deputies, at least through year four. Captain Marksberry noted that his department has applied twice over the past two-years without success. This is a competitive grant which typically is awarded to city police departments.

Commissioner Lambert asked, "I understand that the grant is for two deputies for three years and at the end of the three years the local agency must then re-hire those deputies for the following year. However, on the grant application, form SF424, it states that if you are applying for a grant without post-grant retention then complete another section. I bring this up because we, the current court, are being asking to make a financial commitment to something that an entirely different court may have to follow through on. Why do we not apply for the grant without making a commitment to hire these people at the end of that time?"

Captain Marksberry, "I believe that would be a different type of grant. The government form SF2424 is kind of a blanket form that everyone must fill out in order to advance to the second stage of the application process. I believe we are limited to applying for that one, the cops hiring grant that requires the fourth year.

Commissioner Lambert, "Do you have some idea of why we have been unsuccessful in the past two-years?"

Captain Marksberry, "No, I do not. It is very frustrating because they are not required to advise us why we did not get the grant. We simply get a notification in the mail that we were denied the grant."

Judge Mattingly, "Who is responsible to pay for the equipment, such as vehicles and guns, if the Sheriff's Department is awarded this grant? Sheriff Cain has stated before that for a deputy's first year, it costs approximately \$100,000."

Captain Marksberry, "The grant pays for salaries and benefits only."

Minutes of the April 7, 2011 meeting were submitted to the Fiscal Court members for review prior to the Fiscal Court meeting and on a motion of Commissioner Castlen, seconded by Commissioner Wathen with all the Court concurring said Minutes were approved and signed, and the Court was directed to spread upon the Fiscal Court Order Book the Minutes along with any exhibits, orders, ordinances or resolutions that pertain to same.

By a motion of Commissioner Castlen, seconded by Commissioner Lambert, the court considered approval of the Daviess County Clerk's Claim for Calculation of Motor Vehicle and Boat Bills for 2011.

As required by KRS 133.240(3), the Department of Revenue certifies that the total number of motor vehicle and boat accounts for Daviess County is 97,371 as of January 1, 2011 for which the Fiscal Court shall pay the county clerk fifteen cents (.15) for the calculation of a tax bill for each account.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

See attached document.

By a motion of Commissioner Lambert, seconded by Commissioner Castlen, the court considered approval of **Resolution No. 05-2011** and the 2011/2012 County Road Aid Cooperative Contract between the Daviess County Fiscal Court and the Commonwealth of Kentucky.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

See attached document.

By a motion of Commissioner Castlen, seconded by Commissioner Wathen, the court considered approval of **Resolution No. 06-2011** – Authorizing the County Judge/Executive to execute documents related to the Community Economic Relief Fund Reimbursement for the 2009 Ice Storm.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

See attached document.

By a motion of Commissioner Lambert, seconded by Commissioner Castlen, the court considered approval of **Resolution No. 07-2011** – Approving the Receipt of the Community Economic Relief Funds in the Daviess County 2010-2011 Budget.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

See attached document.

By a motion of Commissioner Castlen, seconded by Commissioner Lambert, the court considered approval of **Resolution No. 08-2011** – Acknowledging that the Community Economic Relief Funds are fixed and any cost overruns will be the financial responsibility of the Daviess County Fiscal Court.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

See attached document.

By a motion of Commissioner Castlen, seconded by Commissioner Lambert, the court considered approval of the Memorandum of Agreement with the Kentucky Board of Emergency Services for \$11,009.17, as part of the emergency medical service grant program.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

See attached document.

Yellow Ambulance Director Jamie Hardin noted a new stretcher will be purchased with that these funds.

By a motion of Commissioner Castlen, seconded by Commissioner Wathen, the court considered approval of the Certification of Local Approval for Nonprofit Organizations relative to the Boulware Mission Emergency Shelter Grant.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results:

All members of the court voted in favor. Motion passed.

By a motion of Commissioner Lambert, seconded by Commissioner Castlen, the court considered to Advertise for the following (July 2011 - June 2012) annual Bids:

- **Bid No. 07-2011 Pavement Striping**
- **Bid No. 08-2011 Electrical, Plumbing, A/C, & Parking Lot Maintenance Services**
- **Bid No. 09-2011 Concrete, Ready-mix**
- **Bid No. 10-2011 Bulk Delivered Fuels**
- **Bid No. 11-2011 Crushed Limestone, Sand, and River Gravel**
- **Bid No. 12-2011 Culvert Pipe**
- **Bid No. 13-2011 Equipment Rental**
- **Bid No. 14-2011 Volunteer Fire Station Roof Replacement**

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

By a motion of Commissioner Castlen, seconded by Commissioner Lambert, the court considered to **Re-appoint Sharon Sullivan** to the **Greenwood Cemetery Advisory Board** – Term: 3/19/11 – 3/19/15.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

By a motion of Commissioner Lambert, seconded by Commissioner Castlen, the court considered to **Re-appoint Bruce Kuegel** to the **Daviess County Parks Board** – Term: 3/1/11 – 3/1/15.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

By a motion of Commissioner Lambert, seconded by Commissioner Castlen, the court considered to **Re-appoint Duke Smith** to the **Daviess County Parks Board** – Term: 3/1/11 – 3/1/15.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

By a motion of Commissioner Castlen, seconded by Commissioner Wathen, the court considered to **Appoint Jason Baker** to the **Building Code Appeals Board** – Term: 5/6/11 – 6/6/15.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

By a motion of Commissioner Wathen, seconded by Commissioner Castlen, the court considered to **Re-appoint Cindy Bornander** to the **Daviess County Solid Waste Environment Education Panel (DC-SWEEP)** – Term: 1/2/11 – 1/2/14.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

By a motion of Commissioner Castlen, seconded by Commissioner Wathen, the court considered to **Re-appoint Paul Nave** to the **Medical Control Authority Board** – Term: 5/19/11 – 5/19/15.

Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

By a motion of Commissioner Lambert, seconded by Commissioner Castlen, the court considered to **Re-appoint R. Scott Plain, Sr. to the Ethics Board – Term: 3/1/11 – 3/1/14.**
Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.

By a motion of Commissioner Castlen, seconded by Commissioner Wathen, the court considered approval of all Claims for all Departments.
Without further discussion, Judge/Executive Mattingly called for a vote on the motion. Voting results: All members of the court voted in favor. Motion passed.
See file folder April 21, 2011 for said claims.

The court received into record the 2011 Daviess County Public Health Tax Rate. There is no change in the tax rate.
See attached document.

Treasurer Jim Hendrix presented the March 2011 Treasurer's Report.
See file folder April 21, 2011 for said report.

The court received into record the 2009-2010 Daviess County Fiscal Court Audit.
See file folder April 21, 2011 for said audit.

There were no public comments or other business brought before the Daviess County Fiscal Court.

Comments by Daviess County Fiscal Court:

Judge Mattingly announced that the courthouse will be closed to the public on May 13, 2011 as road closures during Bar-B-Que Festival will result in restricted building access. Judge Mattingly announced that the PVA office will also be closed on May 13. Because May 13 falls during the two-week PVA Inspection Period, PVA Administrator Sandy Dawdy will open her office on Saturday, May 7 and 14 - 8:00 a.m. to noon.

Judge Mattingly noted that the Daviess County Fiscal Court will meet jointly at 5:00 p.m. on May 5, 2011 with members of the Whitesville City Commission, at Whitesville's Senior Center.

He also reminded the public that the Daviess County Fiscal Court 2010/2011 Fiscal Year Budget work sessions are next Tuesday and Wednesday.

The court wished the public a Happy Easter.

Without objection, Judge/Executive Mattingly adjourned the meeting.

Al Mattingly
Daviess County Judge/Executive