

**Minutes of the May 16, 2019
Daviness County Fiscal Court Meeting
Held at the Daviness County, Kentucky Courthouse**

**Present elected court officials included
Judge/Executive Al Mattingly and County Commissioners Mike Koger,
George Wathen and Charlie Castlen**

**DOCUMENTS RELATED TO TODAY'S DISCUSSIONS
ARE FILED IN THE CORRESPONDING FISCAL COURT FILE**

The meeting opened with a prayer and the Pledge of Allegiance to the Flag.

Sheriff Keith Cain presented the Daviness County Sheriff's "Civilian Good Samaritan Award" to DCHS sophomore Eric Holder. Sheriff Cain stated, "Eric Holder recently took an Emergency Procedures class, instructed by Matt Brannon. Class curriculum included FEMA's Community Emergency Response Team (CERT) training, which teaches Disaster Preparedness, Emergency Medicine, Triage, and Search and Rescue. It also certifies course-students in CPR and First Aid. Little did he know, he would be required to draw upon his education and skills received from his Emergency Procedures class. On April 20, 2019, around 5:00 a.m., Eric and his dad were driving towards his family's farm. That morning, the weather was ill, with heavy rain and flooding in the fields on both sides of the road. As they drove, Eric spotted a car that had left the roadway and was resting in several feet of water in a field. At first, Eric thought it might have been an accident that occurred much earlier and the occupants had already left, but upon hearing the female driver screaming in distress, Eric knew he had to act. Drawing from his Emergency Procedures training, Eric activated their vehicle's emergency flashers and turned his cell phone's "SOS" function on to alert approaching traffic. He then formulated a plan to assist the young woman in escaping her sinking car and his dad called 911. As water began pouring inside the visibly sinking car, Eric quickly provided her with lifesaving instructions on how to escape the car. Upon leaving the vehicle, she found herself in water well over her head and as the car was completely swallowed by the water, she swam towards Eric who reached out and pulled her to safety. She was very appreciative for Eric's lifesaving actions. It is because of Eric Holder's courage, his preparedness, and his sense of duty as a concerned and caring human being that the Daviness County Sheriff's Office today awards him the Daviness County Sheriffs Office's "Civilian Good Samaritan Award".

Judge Mattingly congratulated the Daviness County High School Indoor Winds Ensemble for their recent World Championship.

The month of May 2019 was proclaimed Older American's Month and the third week of May 2019 Infrastructure Week.

County Treasurer Jim Hendrix presented the Treasurer's Report for April 2019.

Minutes of the May 2, 2019 meeting were submitted to fiscal court members for review prior to today's meeting and on a motion of Commissioner Wathen, seconded by Commissioner Castlen with all the Court concurring said Minutes were approved and signed.

**By a motion of Commissioner Wathen, seconded by Commissioner Castlen, the court considered for approval; all Claims for all Departments.
Without further discussion, Judge/Executive Mattingly called for a vote on the motion. All members of the court voted in favor; motion passed.**

**By a motion of Commissioner Koger, seconded by Commissioner Castlen, the court considered for approval; Fund Transfers.
Without further discussion, Judge/Executive Mattingly called for a vote on the motion. All members of the court voted in favor; motion passed.**

**By a motion of Commissioner Castlen, seconded by Commissioner Wathen, the court considered for approval; County Clerk's Claim for Calculation of Motor Vehicle and Boat Bills 2018.
Without further discussion, Judge/Executive Mattingly called for a vote on the motion. All members of the court voted in favor; motion passed.**

By a motion of Commissioner Wathen, seconded by Commissioner Koger, the court considered for approval; Annual Standing Orders for FY 2019/2020:

- Pre-approve Certain Recurring Expenses
- Authorize the Co. Judge/Executive to Execute and Submit Court Approved Documents

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

By a motion of Commissioner Castlen, seconded by Commissioner Wathen, the court considered for approval; the Annual 2019-2020 Waste Tire Grant Application for \$4,000.

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

By a motion of Commissioner Castlen, seconded by Commissioner Wathen, the court considered for approval; **Resolution 10-2019** - KY Office Homeland Security Project Grant Application for a 90K Portable Trailer Mounted Emergency Backup Generator for \$104,294.

County EMA Director Andy Ball stated, “Currently, we do not have an emergency disaster shelter with a backup generator. I recommend approval to apply for this non-matching grant.”

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

By a motion of Commissioner Wathen, seconded by Commissioner Castlen, the court considered for approval; **Resolution 12-2019** - Land and Water Conservation Fund 2019 Grant to Install Playground Equipment at Horse Fork Creek Park.

County Parks Director Ross Leigh said, this is a 50/50 reimbursement grant of \$150,000 and, if awarded, equipment may be installed this winter and labor and equipment could count against our 50%. He added, “The uniqueness of this park is the special flooring and play equipment which will accommodate people in wheelchairs.

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

By a motion of Commissioner Castlen, seconded by Commissioner Koger, the court considered for approval; **Resolution 13-2019** – Veach Rd. High Friction Surface Treatment Project and related Agreement with KYTC’s Highway Safety Program.

County Engineer Mark Brasher stated, “Two locations along Veach Road, which are the road’s two 90 degree turns, have been deemed appropriate for this High Friction Surface Treatment. Ten percent of the total project’s cost will be the county’s responsibility, which is estimated to be \$9,000.”

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

By a motion of Commissioner Wathen, seconded by Commissioner Castlen, the court considered for appointment; Daviess County Drainage Commission *TERMS: 6/2/2019 – 6/2/22*: Joe Bill McKay [#14-2019](#) and George Ballard [#15-2019](#).

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

By a motion of Commissioner Koger, seconded by Commissioner Wathen, the court considered for appointment; DC Economic Dev. Advisory Commission: Wayne Foster #12-2019 TERM: 6/19/19-6/19/23. Without further discussion, Judge/Executive Mattingly called for a vote on the motion. All members of the court voted in favor; motion passed.

By a motion of Commissioner Castlen, seconded by Commissioner Koger, the court considered for appointment; Medical Control Authority: Jordan Johnson #4-2019 TERM: 5/19/19-5/19/23. Without further discussion, Judge/Executive Mattingly called for a vote on the motion. All members of the court voted in favor; motion passed.

By a motion of Commissioner Koger, seconded by Commissioner Castlen, the court considered for appointment; Southeast DC Water Dist. Bd. Hugh Bittel #17-2019 TERM: 6/1/19 – 6/1/23. Without further discussion, Judge/Executive Mattingly called for a vote on the motion. All members of the court voted in favor; motion passed.

By a motion of Commissioner Wathen, seconded by Commissioner Koger, the court considered for appointment; OMPC Building Code of Appeals: Jason Baker #9-2019 TERM: 5/6/19 – 5/6/23. Without further discussion, Judge/Executive Mattingly called for a vote on the motion. All members of the court voted in favor; motion passed.

By a motion of Commissioner Castlen, seconded by Commissioner Wathen, the court considered for appointment; DC PVA Assessment Appeals Board: Angela Clark #3-2019 TERM: 5/3/19 – 5/3/22. Without further discussion, Judge/Executive Mattingly called for a vote on the motion. All members of the court voted in favor; motion passed.

Treasurer Hendrix presented the **First Reading of KOC A.96 (2019) 10-2019** - Daviess County Fiscal Court 2019/2020 Budget.

Comments:

Mr. Hendrix stated, “This budget, as prepared, assumes no additional debt or additional tax revenue and reflects a \$3 million deficit. Adjusting that number for \$800,000 for which, based on averages of amounts we do not spend, by choice, will reduce that deficit to \$2.2 million for the fiscal year. This

budget reflects \$1 million in non-recurring revenue. Since the county has enough money in reserves, this budget is presumed balanced.”

Judge Mattingly noted, the county clerk’s 4th year reconciliation is around \$400,000, as Mr. Hendrix has indicated, those dollars will be used to offset the additional expenses related to our health insurance.

Judge Mattingly asked, “What is the normal growth of our revenue streams?”

Mr. Hendrix replied, “It is annually, \$200,000 to \$300,000.”

Judge Mattingly stated, “This is not enough to cover our expenses.” He added, “Nobody likes to pass a budget that only balances if a large percentage of reserve dollars have to be used.”

Former County Commissioner Gary Boswell asked, “How much of this deficit consists of jail expenses?”

Mr. Hendrix replied, “An assumed transfer from the general fund to the jail fund is budgeted at \$1.9 million, which includes an approximate \$700,000 to \$800,000 in additional expenses.”

Mr. Boswell asked about other issues contributing to the deficit.

Mr. Hendrix replied, “Pensions, decreased annual transportation dollars, Sheriff’s Department needs, and subsidies...”

Mr. Boswell, “I will wait until later in the agenda to ask how and by whom will the jail deficit be paid.”

Judge Mattingly added, “Constitutionally, that is us, the county.”

Treasurer Hendrix read the **First Reading of KOC 220.32 (2019) 11-2019** - An Ordinance Relating to a Proposed Increase of the Occupational and Net Profits License Fees by Persons and Business Entities Conducting Businesses, Occupations and Professions within the County of Daviess, Kentucky, as Amended by KOC 220.18 (2004), KOC 220.19 (2005), KOC 220.17 (2006) AND KOC 220.20 (2006).

Comments:

Mr. Hendrix stated, “While the court does have room to dip slightly into its reserves, and we have done so in the past, at the continued pace, the revenues will not keep up with the expenses. The pension will add more than \$1.5 million, of which we don’t have revenue for and will cost the county more than has been budgeted...” Judge Mattingly interrupted stating, “Very recent news indicates that pension expenses may be more than anticipated, upwards of 13%”. Mr. Hendrix continued, “...the shift in the jail, and several other items. In order to keep pace with that, we will dip into the reserves some, but we cannot dip too deep or we risk a reduction in our bond rating, which, in turn, will affect our flexibility. In order to fill that gap, the proposal here is to increase the county’s occupational and net profits tax with a 2-part increase. The first increase will take effect January 1, 2020, and change the current rate of .35% to .70%. The second increase, effective January 1, 2021, will bring the total rate to 1%. Part one should bring an additional \$2 million with part two adding an additional \$1.5 million. We believe this plan returns to the court the ability to manage (it won’t pay for it all) the expenses as we have done for the

last 8-years. We have managed by moving expenses around to match our revenues for that fiscal year. No longer will we be able to do that with these added expenses and costs without additional revenue.”

Judge Mattingly stated, “No one likes to increase taxes. The last tax increase occurred 8 years, 4 months, 16 days, and 9 hours ago. We have managed Daviess County Fiscal Court like a business, but we are not a business and have to take other things into account that businesses don’t. I guarantee, if it were up to me, we would send jail bills to others, raising revenue directly from where those revenues need to come from. However, it is not up to me. The constitution says we, “the lowest denomination of state government”, will provide a jail to house prisoners. It says we will provide animal control. It says we will pay for such things as court security officers. Not a person up here takes this decision lightly. If it should pass, I assure the public that we will continue to be good stewards of their tax dollars. This proposal is a 2 part increase and is reflective of what is going on right now, today. Things could change and we could actually lose some of our occupational taxes to city annexation. However, thinking positively, we could have a large business locate here that brings additional revenue to the county, allowing us to amend the ordinance to reduce or remove the second part increase of this ordinance. While this proposal increases the county occupational tax and will affect only those working or running businesses outside the corporate limits of the city, it most certainly will not negate or change the city’s current 1.78% occupation tax already being paid by those working within the city limits. In comparison, all counties surrounding Daviess County are already at 1% and one is in excess of that amount. Without an unforeseen catastrophe, sometime in 2022, if we are able to save enough in reserves to fully fund the \$20 million convention center construction bond, we may be able to begin to reduce the 8.9% insurance premium tax with the sunset provision written into that ordinance, returning it to its original 4.9% rate. The increase in occupational tax as proposed will be partially mitigated by the reduction in that insurance premium tax.”

Commissioner Wathen stated, “I am going to restate the fact that we have not raised taxes during our 8-years in office. Although unsuccessful, I wish to assure the citizens in our community that I have worked diligently, looked at this from all angles, studied and discussed alternatives that could prevent a tax increase. This included hypothetical but probable ramifications to our county and its citizens if we balanced the next couple of budgets by significantly cutting current county services. The fact is that even if we cut services, the future fiscal years would still require an increase. Of the evils, I feel, as much as I hate it, the lesser is to support a tax increase.”

Commissioner Castlen concurred.

Commissioner Koger noted, the pension issue has put the court in a bind and in 2021, it is projected to be an even greater problem for counties to deal with than today. This, coupled with ever rising health insurance costs is forcing our hand to increase taxes.

Mr. Bowell stated, “I have listened to what you have said about the need to increase taxes and I don’t have a problem with an increase. I am not certain that the proposed occupational tax increase is where the increase should be placed. Since the jail is one of the primary issues here, have you considered designating a jail funded property tax?”

Judge Mattingly replied, “You know that isn’t feasible. We can’t get there fast enough. We are restricted to a 4% property tax increase annually, not including new property. Currently we receive about \$6 million annually in property tax so reaching that additional \$2 million in revenue doesn’t work.”

Mr. Boswell asked, "With Swedish Match's recent announcement to expand and hire numerous employees, were these additional dollars included in this calculation? And did you receive \$300,000 for Airpark property sale? Was that included in the budget?"

Judge Mattingly replied, "Regarding Swedish Match, yes it was, as they have already hired the majority of new employees. Regarding the Airpark, we have not received money nor finalized a sale."

Regarding an occupational tax, Mr. Boswell stated, "It is my opinion that an occupational tax is the most damaging thing that can be done to economic development. That, coupled with a very difficult and strict planning and zoning code only further deters economic development growth."

Judge Mattingly disagreed.

Mr. Boswell continued stating, "An occupational tax hurts those making the least. He gave an example of a single mother of two children working at McDonalds making \$20,000 a year. Currently, she pays \$70 in occupational taxes and after the second increase, she will pay \$200. I think we should try to help those low income folks who are trying to get ahead instead of taking more from their paychecks." He recommended an exemption or reduction for low income employees. He further stated, "The occupational tax has created an unhealthy competition between city and county governments. Before the creation of a county occupational tax, the court did not have a dog in the fight regarding where an industry would locate, whether within or without the city limits. In my opinion, county government is telling the city, "No more annexation! You are not getting my occupational tax revenues".

Judge Mattingly asked Mr. Boswell, "So you believe the city should have unfettered annexation powers?"

Mr. Boswell replied, "No, that is the opposite of what I have said. I am explaining why I dislike and believe occupational taxes are not broad enough based and unfair. Those paying this tax only include employees employed outside the city limits. It is simply an unfair tax. It's not right."

Judge Mattingly instructed Treasurer Hendrix, "I want you to make sure that not one penny of this increase goes to fund the jail or sheriff."

Mr. Boswell added, "If you are going to increase taxes, it should be a broad-based tax like property taxes."

Local convenient store owner Dianne Mackey stated, "You know that eventually this increase will get passed down to the consumer, right? And today, it is even harder for small businesses to compete with big box stores like Wal-Mart, including the hiring and retention of employees."

Judge Mattingly stated, "If you pay proper wages, it will bring and keep employees."

Ms. Mackey replied, "Ultimately, increased operating costs, including taxes, means an increased product cost. That makes competing with big box stores even that much more difficult. Another thing... property tax increases will follow as the county school system will have to pay this additional occupational tax to their teachers."

Judge Mattingly added, "That is not germane. In about 3-weeks, I ask that you remember your statement regarding the county school system."

Ms. Mackey stated, "That is a different tax, I understand."

By a motion of Commissioner Castlen, seconded by Commissioner Wathen, the court considered for approval; Enter into **Closed Session** per KRS 61.810 (b) & (c):

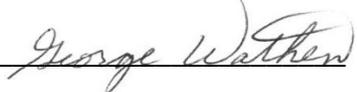
- Discussions of proposed or pending litigation against or on behalf of a public agency
- Deliberations on the future acquisition or sale of real property by a public agency, but only when publicity would be likely to affect the value of a specific piece of property to be acquired for public use or sold by a public agency

No action was taken.

Without objection, Judge/Executive Mattingly adjourned the meeting.

SO ORDERED THAT COURT STAND ADJOURNED.

Judge/Executive:  Commissioner: 

Commissioner:  Commissioner: 

I, duly appointed Clerk of the Daviess County Fiscal Court, do hereby certify that the above Minutes for the corresponding Order Book were approved by the members of the Daviess County Fiscal Court at the regular session of said Court on this 6th day of June 2019.

Jennifer Warren, Daviess County Fiscal Court Clerk