

**CITY OF EDGEWOOD
SPECIAL MEETING
AUGUST 21, 2007**

Meeting was held at the Edgewood City Building. Minutes were taken from tape recorder.

CALL TO ORDER

Mayor Link called the meeting to order at 6:30 p.m.

The following council members were present: Dale Henson, David MacMillan, Ray Spears, Nancy Atkinson, and Jeff Schreiber. Also in attendance were: City Administrator Roger Rolfes, City Clerk Jeanette Kemper and City Attorney Frank Wichmann. Mark Steffen and Chris Link were absent.

OPEN PUBLIC HEARING – Mayor Link opened the public hearing to council and the public for their comments. Mr. Schreiber thanked Mr. Rolfes for submitting all the information that council had requested. Mr. Schreiber asked Mr. Rolfes if we don't need the mini pumper then why we don't just sell it. Mr. Rolfes said they are in the process of doing that. Mr. Schreiber then asked Mr. Rolfes if we pay off part of the bond do we have to pay the whole thing off. Mr. Rolfes responded that once we pass the timeline, for the Parks bond issue it's 2009 and the city building is 2014 or 2015, you can pay all or part of them off without penalty. If they are paid off prior to that then there is a penalty.

Mr. Rolfes explained that 10 of the last 12 years the city has taken the allowable 4% increase that most jurisdictions take, primarily it's revenue against inflation. The reason we're advocating taking the 4% increase this year is to try to add to what we're able to save in order to prepay the bonds. What we will get on the increase of the property tax isn't going to come close, but if we continue to have years that we've had where we've been able to accrue additional funds each year and put those in the sinking fund, and based on 3,400 tax bills and basing it on an average of a \$200,000 home, if we fail to take the 4% over that 7-year period the taxpayer would save about \$144 over 7- years. If we took the increase and were able to pay off the bonds they would save \$586 over 7 years. Between the two bonds we would save \$2,024,700 in interest if we were able to prepay them within a year or so of the date that we would not be impacted. His recommendation is that if we follow through with this, is that by 2010 we should have enough to pay off the first bond issue. If we continue to take what we had been budgeting every year for debt service for that issue and put that in the sinking fund along with any surplus we accrue we would have enough money to pay off the city building by 2015 or 2016. That is a 30-year bond issue that we would pay off in about 12 years saving that interest. This would save a substantial amount on interest.

Mr. Spears also thanked Mr. Rolfes for preparing the data. He further said property values continue to go up and the payroll taxes continue to increase. He said some of the interest rates on the bonds are quite favorable and believes most people wouldn't prepay their mortgage if they had a 4% interest rate. Some analysis needs to be done on whether or not it is a good move to prepay some of the bonds that have favorable interest rates. If we can earn more than that then it makes no sense to prepay a 4-5% interest rate if we're earning 5 ½ % in a safe type of investment. Mr. Rolfes said you have to look at what the interest rate is at the time and he couldn't predict that. He said 1 ½ years ago we were getting about 2% on our investments now we're getting about 4.65% because the longer term investments they made when the interest rate was lower is still factored in there. Our checking account is 5.1830%.

Mr. Henson asked how are we making more in our checking account than in our long term investments. Mr. Rolfes said the impact of the long term investments at a lower rate generate a lower yield then our checking account which changes every month. Mr. Henson said right now we are at a break even situation because our long term is paying what we're paying.

Mayor Link asked the public for their input.

Elizabeth Graue, 3028 Lindsey, spoke in opposition of increasing the tax rate. She indicated that the city should be able to operate in a fiscally efficient manner. She cited many services currently offered are unnecessary.

Brad Baker, 3224 Brookwood Drive, spoke in opposition of increasing the tax rate. He indicated that the city should base its revenue solely on property tax collections and reduce expenses accordingly.

Mr. Schreiver said at some point we have to say we've got enough and he doesn't think an extra \$66,000 is going to make that much of a difference. We've got new businesses coming in here, the school is being built that will add to the payroll tax, and more businesses are going in at the bottom of the hill. The city's income keeps growing and he doesn't think it is necessary that we keep taking. He would rather leave the tax rate at what it is now.

Mr. Spears read a statement to explain why he will be voting against a tax rate increase: "I am voting against the property tax increase simply because we do not need the money. As stated in the treasurer's report last year we collected over \$6M in revenue to cover expenses just over \$4.2M. Our net fund balance taken from our balance sheet date June 30, 2007 was nearly \$3.5M representing a \$515,000 increase from the year before. The proposed property tax increase of 4% is not derived from any analysis meant to meet the needs of the city it just happens to be the maximum allowable tax increase that cities can take without taking the issue to the voters. Potential future expenses such as a storm water issue currently being evaluated by the Sanitation District can be satisfied by our current \$3.5M fund balance. Which, based on recent trends will continue to increase. Our debts such as park bonds and the city building bonds are at a favorable interest rate less than 5% and will mature at a staggered schedule providing additional sources of revenue to meet future expenses. If it was determined, after a thorough analysis of the city's revenues and expenses, that a tax rate increase was required in order for the city to maintain the current level of services that we all enjoy I would whole heartedly support such a tax increase; but it's not. Based on the data on hand no property tax increase is justified. If it is determined that it is in our best interest to prepay our bonds based on interest rates and return rates that we can safely receive, then we should set aside the estimated \$66,000 that this tax increase would generate from our current fund balance into a separate account earmarked for that purpose." Mr. Schreiver asked Mr. Spears if he was comfortable leaving the tax rate the same and he said he was.

Mrs. Atkinson also said that she is comfortable leaving it the same. She is not in favor of the increase for 2007/2008.

Mr. MacMillan thanked the residents for speaking. He has not made up his mind and said those residents have influence on what he is thinking.

Mr. Henson said he also appreciated the residents' comments. He is typically in favor of the increases because of the fact that we can use the money to pay off our debts. It's a very small increase. On an averaged price home of \$200,000 it would be an increase of \$18 a year. He said in 1974 the tax rate was exactly what it is today. There has been no change in the rate; it has gone up and down over the years. He said he will probably vote to keep the rate the same.

Mayor Link closed the public hearing.

ORDINANCE 2007-08-04 Adopting the 07/08 Property Tax Rate at \$2.56 per \$1,000 – 1st Reading

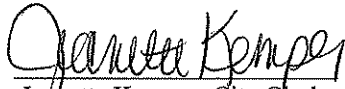
Mr. Wichmann read the ordinance: AN ORDINANCE OF THE CITY OF EDGEWOOD, IN KENTON COUNTY, KENTUCKY, PROVIDING FOR THE ASSESSMENT OF ALL REAL ESTATE AND PERSONAL PROPERTY WITHIN THE CORPORATE LIMITS OF THE CITY OF EDGEWOOD, THAT IS SUBJECT TO TAXATION FOR CITY PURPOSES, BY THE USE OF THE ANNUAL COUNTY ASSESSMENT THEREOF BY THE PROPERTY VALUATION ADMINISTRATOR OF KENTON COUNTY; AND LEVYING AN AD VALOREM TAX THEREON FOR CITY PURPOSES DURING THE FISCAL YEAR WHICH BEGINS JULY 1, 2007 AT THE RATE OF \$0.256 DOLLARS FOR EACH ONE HUNDRED (\$100.00) DOLLARS OF THE VALUATION THEREOF SO ASSESSED; AND PROVIDING FOR THE PAYMENT AND COLLECTION OF SUCH TAXES, AND PENALTIES AND INTEREST THEREON; AND DESCRIBING THE PURPOSES FOR WHICH SUCH TAXES SO COLLECTED SHALL BE APPROPRIATED AND USED.

ORDINANCE 2007-08-05 Adopting the 07/08 Property Tax Rate at \$2.65 per \$1,000 – 1st Reading

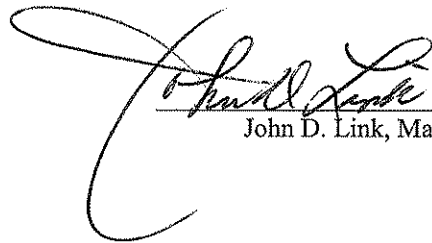
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Adjournment

Mr. Spears made a motion to adjourn at 7:10 p.m.; seconded by Mrs. Atkinson. Motion passed unanimously.



Jeanette Kemper, City Clerk
Date: 9/17/07



John D. Link, Mayor