

**Cold Spring City Council
Public Hearing
October 8, 2009**

A public hearing, as advertised, was called to order by Mayor Mark Stoeber for the purpose of hearing comments from the public regarding the institution of proposed tax rates for the City of Cold Spring, as advertised pursuant to KRS 132.027. Mayor Stoeber stated that the prior 6:00 pm special meeting has been recessed for the purpose of conducting this public hearing. At the special meeting, Council passed a legal ordinance setting the tax rates at the compensating tax rate. The law states that there is no requirement for a public hearing if the tax is set at the compensating tax rate, however, because of the timing of the progression and because council is very interested in public input, we are in fact conducting this public hearing, for public input at this time. The council members present at this public hearing remain the same as at the special meeting: Lou Gerding, Brenda Helton, Rob Moore, Janis Reiman, and Sandy Ross – excused was Stuart Oehrle.

Mayor Stoeber requested that the city clerk enter two items of correspondence into the public record of this meeting which were received regarding the budget and tax rates. This correspondence is from a resident of the city who requested that it be done so, and the records will also reflect that this same information has been distributed to city council.

Mayor Stoeber opened the floor up to public comments on the tax rates.

Bev Jacobs from the Sturbridge subdivision was present and questioned if property tax rates are guided by the comprehensive plan. Mayor Stoeber explained that the comprehensive plan is strictly for land use, restrictions, transportation, etc. It does not have anything to do with the property tax rates.

Nancy Lotz of Villagreen Drive was present and stated that she is very glad that we are lowering our taxes because of the amount of people who are out of work or only working part time, but she questioned if this will in any way affect our city snow removal.

Mayor Stoeber explained that the city's general budget anticipates a range for this, and unless there are extreme snow or ice occurrences that will put a strain on the budgeted amount, that should not be an issue at all. Because of the city's new growth in businesses, the amount budgeted will go up approximately \$60,000.

Mr. and Mrs. Craig Miller of 9 Founders Court were present at this time and requested clarification on the compensating tax rate ordinance that was just passed, and the over four percent compensating tax rate which was referred to in the public hearing advertisement. They also were under the assumption that the tax rate would be raised.

Mayor Stoeber explained K.R.S. requirements which allow the rate to be set at a calculation to guarantee the city the same amount of revenue as that which was received last year. If the growth of the city's base amount of taxable income goes up, then the tax rate goes down and that is called the compensating tax rate. Because of new growth in the city, that is why last year's tax rate of .169 has been lowered to the compensating rate of .164 per hundred. This lowered tax rate will save an average household approximately \$18.00. The city will still make the amount it made last year. On the flip side, Kentucky allows the cities to have a four percent increase over that compensating tax rate, because the state recognizes that all cities expenses do go up. Any form of rate increase above the compensating rate requires a public hearing to advise residents of the intent of raising taxes and allow their input. This year, that additional four percent actually comes up to .169, which is the current tax rate. Depending on how you look at it, if the city's tax rate had been set at .169, it would not have been an increase in taxes. As long as the tax rates are set within that four percent corridor, the voters could not go to the ballot and remove it. If a city desires to go over that allowable four percent over the compensating tax rate the voters could have it placed on the ballot and rescinded.

Mayor Stoeber reiterated that council in no manner had planned on raising what residents pay. The discussion has been to either keep it the same rate as last year which was at .169 per hundred, or to lower the rate to .164 per hundred.

Mr. and Mrs. Miller verified with the Mayor that next year, that tax rate may be raised, and questioned the new growth, and asked what our main expenses are that need to be covered.

Mayor Stoeber stated that Cold Spring has always been an expanding city. The strategic plan that was put in place in 2004 anticipated that around the year 2010 to 2011 the growth would level off. Once that happens, then the additional revenues would not be coming in and we have to anticipate for that. If businesses start closing and moving out and residential home values start dropping,

then the base taxable amount for the city would go down and the tax rates would have to go up. Mayor Stoeber stated that we did have an expansion of new business growth last year. He explained the sites of potential and eventual new developments within in the city, but he stated that eventually our growth will level out.

Our main expenses are police, public works, parks, public recreation, administrative services, permitting, building and those types of things. Long term expenses are street repair and replacement. We have sixty miles of streets and the cost to replace each mile is \$1 million dollars. Long term repair and replacement dwarfs the police department and public works department expenses. Five years ago we put together a thirty year street plan so that every four years we spend about \$1.5 million dollars to repair the streets. Long term we have \$60 million dollars for street repairs, and they do wear out every thirty to forty years.

Bev Jacobs questioned why the council vote was split three to two on the tax rate ordinance. Mayor Stoeber stated that we had many fabulous and heartfelt debates on the tax rate, which he summarized. Council debated on going with the .164 or the .169 rate. Council members looking for the .169 rate saw that the budget for our strategic plan called for the city to take the four percent every year so it could stay ahead and be on track with the plan. By taking the lower compensating rate of .164 now, over twenty years the cumulative loss to the plan would be over \$1 million dollars. Council members who voted for the .164 rate felt that the plan would be funded and expenses would be met, however they felt that now is the time to help the residents even if it is only an average of \$18 per household. Both sides had pure intent and the visions of all of our residents, but both felt it could occur in two different ways.

Nancy Lotz questioned if we have gone with the .169 rate, how much money would that have brought to the city. Mayor Stoeber stated that it would have brought in \$30,000 more per year. But as councilman Lou Gerding pointed out, it is \$30,000 now but when compounded, looking long term, it is over \$1 million dollars. That is where the debate was.

Lou Gerding thanked Mayor Stoeber for explaining the compensating tax rate calculations. He stated it was a shame that the camera was not here tonight because there was at least one individual sending out e-mails to people in the city with false information saying some people on council wanted to raise the tax rates. There never was any discussion on raising the tax rate.

Brenda Helton stated that as one of the council members who voted not to lower the rate, she felt that \$18 a year was not that great of a hardship. In looking at other cities around us when they replace streets, they assess tax payers so much per footage and frontage and that is a whole lot more than \$18 would be. It is important to maintain what we have. If we lose that funding down the line, other residents might have to be assessed if we can't keep the fund going.

Mayor Stoeber gave his compliments to this council. The discussion is really about the next twenty years and how tax rates affect the future of this city.

There were no other comments from the public.

Rob Moore made a motion to adjourn the October 8th public hearing and Sandy Ross seconded the motion. All were in favor. Motion carried.

Approved:

City Clerk:

Mayor: