Planning and Development Services Management Board
Meeting Minutes: January 17, 2019

Vice Chairman Paul Meier called the monthly business meeting of the Planning and Development Services Management Board to order at 5:15 PM in the Commission Chambers of the PDS Building in Fort Mitchell. Attendance of members was as follows.

<table>
<thead>
<tr>
<th>Term</th>
<th>Present</th>
<th>Absent</th>
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<tbody>
<tr>
<td>Chairman Tom Litzler</td>
<td>May 2016 through April 2020</td>
<td>X</td>
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<td>Vice Chairman Paul Meier</td>
<td>May 2016 through April 2020</td>
<td>X</td>
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<td>Sherry Carran</td>
<td>May 2017 through April 2019</td>
<td>X</td>
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<tr>
<td>Jessica Fette</td>
<td>May 2018 through April 2020</td>
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<tr>
<td>Matt Mattone</td>
<td>May 2016 through April 2020</td>
<td>X</td>
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<td>Beth Sewell</td>
<td>May 2017 through April 2019</td>
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<tr>
<td>Bernie Wessels</td>
<td>May 2017 through April 2019</td>
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Also present were: John Chamberlin, CPA, MBA, VanGorder, Walker & Co., Inc.; Garry Edmondson, Legal Counsel; Nicole Cullum, CB, Accountant; Dennis Andrew Gordon, FAICP, Executive Director; and Lori Remley, Executive Assistant.

Vice Chairman Meier asked Ms. Remley to call the roll. Following the roll call, he asked that the record reflect that a quorum was present.

ACCEPTANCE OF AGENDA

Vice Chairman Meier asked if there were any changes to the agenda. With none, Commissioner Sewell made a motion to accept the agenda as presented; Ms. Carran seconded the motion. A voice vote found unanimous approval.

Vice Chairman Meier asked if there were any comments from the public and noted that there were none.

PRESENTATION

Vice Chairman Meier asked for presentation of the FY18 financial audit report by John Chamberlin of VanGorder Walker CPAs.
Mr. Chamberlin thanked members for the opportunity to speak with them. He stated that, as always, it has been a pleasure to work with Nicole and that she does a fantastic job.

Mr. Chamberlin advised members that PDS has received an “unmodified opinion” which is the highest rating possible. He provided members with a copy of his PowerPoint Presentation and outlined the following items:

- the Auditor’s Opinion;
- balance sheet comparison for the past ten years;
- cash position comparison for the past ten years;
- revenue vs expenditures all funds;
- revenues by type; and,
- expenditures by function.

Mr. Chamberlin then gave a brief overview of the financial report (a copy of which is attached to the original minutes).

- Auditor’s Report – pages 2-3
- Management’s Discussion and Analysis – pages 4-7
- Statement of Net Position – page 8 – a discussion regarding unfunded pension followed
- Balance Sheet – page 10
- Reconciliation of the Balance Sheet – page 11
- Statement of Revenues, Expenditures and Changes – page 12
- Reconciliation of the Statement of Revenues – page 13
- Notes to Financial Statements – pages 14 – 31
  - Fund changes – page 18
  - Assets – page 19
  - CERS – Penson – pages 20-28
  - TIF Districts – page 30
- Budgetary Comparison – pages 32-33
- Pension Information – pages 34-35 – 10-year schedule
- Internal Control and Compliance – pages 36-37 – no deficiencies

Mr. Chamberlin asked if members had any additional questions. Mayor Meier asked about payroll and pension figures on page 34. A lengthy discussion followed.

With no additional questions, Vice Chairman Meier asked if there was a motion regarding the audit report. Councilman Wessels made a motion to accept the audit report as presented; Mr. Mattone seconded the motion. A roll call vote found Board Members Wessels, Mattone, Sewell, Carran, and Vice Chairman Meier in favor of the motion. The motion passed unanimously.
ONGOING BUSINESS

Vice Chairman Meier asked if the minutes of the December 20, 2018 meeting were acceptable or if anyone had any additions/corrections.

With none, Ms. Carran made a motion to accept the minutes of the December 20, 2018 meeting as presented; Commissioner Sewell seconded the motion. Vice Chairman Meier asked for a roll call vote on the motion which found Board Members Carran, Sewell, Wessels, and Vice Chairman Meier in favor of the motion with Mr. Mattone present but not voting. The motion passed unanimously.

Vice Chairman Meier asked for a review of the December financial report.

Ms. Cullum reviewed the December financial statement (a copy of which is attached to the original minutes). She indicated that, at 50% of the way through the fiscal year, revenues were above projections at 76.7%, fees for services were below projections at 42.7%, and expenses were below projections at 46.7% of budget. She noted that One Stop Shop revenue was above projections at 63.8% with expenses below projections at 44.4%.

Following a brief discussion, Vice Chairman Meier asked for a motion regarding the December financial report. Councilman Wessels made a motion to accept the December 2018 financial report subject to audit; Commissioner Sewell seconded the motion. Vice Chairman Meier asked for a roll call vote on the motion which found Board Members Carran, Mattone, Sewell, Wessels, and Vice Chairman Meier in favor of the motion. The motion passed unanimously.

Vice Chairman Meier asked for the report from legal counsel. Mr. Edmondson stated he had nothing to report.

Vice Chairman Meier then asked for a report from the executive director. Mr. Gordon stated that he had provided members with written comments prior to the meeting and that, unless members had questions, he had nothing else to report.

Vice Chairman Meier opened discussion on critical issues to be considered before work begins on the FY20 budget and annual work program. Mr. Gordon stated that members had been provided a two-page handout and that this was a work in progress. He noted that this is the first very rough draft of the budget with rough numbers that do not balance. Members will be provided updates as they work through the 17 items list between now and May. Mr. Gordon stated that the draft is in department format—not the new program format—due to use of historical numbers which were all in departmental format. He added that the budget will be shifted to the programming format as the Board gets closer to a final budget. He also advised members that he and Nicole will be adding FY15 numbers.

Mr. Gordon reminded members that over the last eight years, PDS has taken a less than compensating tax rate for four years, a compensating rate for four years, and a comp plus two percent rate this year. He noted that the line at the bottom of each page shows the revenues
and expenses in constant 2015 dollars and that page 1 shows the loss of productivity due to inflation and the tax rate utilized for each year.

Mr. Gordon stated that the current draft budget is out of balance by $183,455 before any action on staff increases. Discussion regarding Mr. Gordon’s recommendation to take a comp plus two percent increase rather than the comp plus four percent rate endorsed by the PDS Council followed.

Mr. Gordon responded that he has known and expressed his concern about taking less than a compensating rate or the compensating rate for the past eight years. He said the issue that confronted him this past August when the Board had to set the tax rate was that a comp plus four rate would provide more revenue than what was adopted into the budget. He asked, “What do we do with that revenue?” and, “How do we justify setting a rate that overfunds the approved budget?” He concluded by suggesting that this budget needs to be built on the lessons learned over the past eight years.

Mayor Meier stated that if the draft budget is $183,455 out of balance then the carry-over for the next year should be -$183,455. Discussion followed regarding how the carry-over amount is calculated ahead of time.

Commissioner Sewell recommended a review of each expense line item to determine where/if cuts can be made. Councilman Wessels agreed.

There was discussion regarding moving expenses and PDS’ anticipated expenses at the new building. Ms. Cullum noted that PDS will be paying $6,800 per month to the Fiscal Court for utilities and that any all savings realized from not paying for utilities on this building will be taken by CERS. Mr. Gordon added that this didn’t include increases in medical insurance costs.

Councilman Wessels asked if it would be possible to create a list of needs and prioritize them by function/department to give them a better look at the whole picture. Ms. Carran responded that the request would put Mr. Gordon in a difficult position. Discussion followed.

Members asked why the salaries/wages projection was less than the amount budgeted for this year. Mr. Gordon stated that we have the same number of employees but noted that four employees left who had time and experience and that these employees were replaced with four entry-level people. Discussion regarding training and certification requirements followed.

Ms. Cullum began a line-by-line review of the revenue projections during which there was a brief discussion at the line item for Pendleton County Fiscal Court – Contractual Revenue.

Ms. Cullum reviewed each expenditure line item, most of which remained the same as this year. Members asked about the increase in recording fees. Staff noted that this is due to the increased number of liens being recorded – 93 for the month of December alone. They also pointed out that these expenses are offset by an equal amount of revenue.
Following a brief discussion, Mr. Gordon asked, other than the list requested by Councilman Wessels, if members would like to see anything else as staff moves through preparing information for future Board discussions.

Mr. Mattone indicated that it might be helpful to have a list of the top four or five items that PDS can’t control and the dollars that must be allocated to them. For example: 1. CERS; 2. health insurance; 3. Etc.

Mr. Gordon reminded members that they still need to look at salaries/wages and the salary survey results.

There was discussion regarding the building reserve fund and what will happen to any unused funds once we move. Ms. Cullum reminded members that the scanning/microfilm project will be paid out of this fund.

Commissioner Sewell asked if the publication and the TIF District Support line items are controllable. Ms. Cullum stated that the publication line item is for legal ads that we are statutorily required to run and that the annual payments to the cities with TIF Districts was dictated by the growing value of the tax base.

Ms. Carran stated that we need to show value to benefit.

Mr. Gordon asked members to let him know if they thought of any additional information they would like to see.

Vice Chairman Meier opened discussion on a proposal from the executive director to negotiate an agreement with Judge/Executive Knochelmann to share the cost of digitizing PDS’ legacy records in preparation for PDS’ move to the new County Administration Building. Mr. Gordon advised members that he met with Judge/Executive Knochelmann and Commissioner Sewell to discuss the possibility of cost sharing the balance of the scanning/microfilming project, eliminating the need to beef-up the floors in the new building. The estimated cost of the scanning project is $156,000 and PDS has received a small grant ($4,800) from KDLA. Judge/Executive Knochelmann is open to sharing the remaining costs and has asked Mr. Gordon to make a formal request to the Fiscal Court. Mr. Gordon noted that PDS’ share of this cost would come from the building reserve fund.

Following a brief discussion, Councilman Wessels made a motion to authorize the executive director to negotiate an agreement with Judge/Executive Knochelmann and the Fiscal Court to share the cost of digitizing PDS’ legacy records in preparation for the move; Ms. Carran seconded the motion. A voice vote found unanimous approval.

Vice Chairman Meier asked for reports from members. Councilman Wessels advised members that the Fort Wright City Council adopted a resolution in support of a phasing-in period for pension increases and asked if members would want to adopt something similar.
After some discussion, Councilman Wessels made a motion to adopt a resolution in support of a phasing in period for pension increases; Commissioner Sewell seconded the motion. A voice vote found unanimous approval.

**NEW BUSINESS**

Vice Chairman Meier asked if there was any new business to come before the Board. There was none. Ms. Carran made a motion to adjourn the meeting and Mayor Meier seconded it. With all in favor, the meeting adjourned at 6:54 PM.

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Tom Litzler, Chairman

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Dennis Andrew Gordon, FAICP
Executive Director/Secretary