Planning and Development Services Management Board  
Meeting Minutes: April 18, 2019

Chairman Tom Litzler called the monthly business meeting of the Planning and Development Services Management Board to order at 3:35 PM in the Commission Chambers of the PDS Building in Fort Mitchell. Chairman Litzler led those gathered in a moment of silence and the Pledge of Allegiance.

Chairman Litzler asked Ms. Remley to call the roll. Attendance of members was as follows.

<table>
<thead>
<tr>
<th>Name</th>
<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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<tr>
<td>Vice Chairman Paul Meier</td>
<td>May 2016 through April 2020</td>
<td>X</td>
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<tr>
<td>Sherry Carran</td>
<td>May 2017 through April 2019</td>
<td>X</td>
<td></td>
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<td>Jessica Fette</td>
<td>May 2018 through April 2020</td>
<td>X</td>
<td></td>
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<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>
<td>X</td>
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<td>Bernie Wessels</td>
<td>May 2017 through April 2019</td>
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Following the roll call, he asked that the record reflect that a quorum was present.

Also present were: Trisha Brush, GISP, Director of GIS Administration; Jan Crabb, PHR, Finance/HR Administrator; Nicole Cullum, CB, Accountant; Scott Hiles, CPC, Director of Infrastructure Engineering; Emi Randall, AICP, RLA, CFM, Director of Planning and Zoning; Brian Sims, CBO, Chief Building Official; Dennis Andrew Gordon, FAICP, Executive Director; and Lori Remley, Executive Assistant.

**ACCEPTANCE OF AGENDA**

Chairman Litzler asked if there were any changes to the agenda. With none, Councilman Wessels made a motion to accept the agenda as presented; Mayor Fette seconded the motion. A voice vote found unanimous approval.

Chairman Litzler asked if there were any comments from the public and noted that there were none.
ONGOING BUSINESS

Chairman Litzler asked if the minutes of the March 21, 2019 meeting were acceptable or if anyone had any additions/corrections.

With none, Mayor Meier made a motion to accept the minutes of the March 21, 2019 meeting as presented; Mayor Fette seconded the motion. Chairman Litzler asked for a roll call vote on the motion which found Board Members Carran, Fette, Mattone, Meier, Sewell, and Chairman Litzler in favor of the motion with Councilman Wessels present but not voting. The motion passed unanimously.

Chairman Litzler briefly reviewed a portion of the April 8th minutes pertaining to the budget discussion (from the middle of page 2 through the middle of page 4) to remind members of where they are in discussions. He then asked if the minutes of the April 8, 2019 special meeting were acceptable or if anyone had any additions/corrections.

With none, Ms. Carran made a motion to accept the minutes of the April 8, 2019 special meeting as presented; Commissioner Sewell seconded the motion. Chairman Litzler asked for a roll call vote on the motion which found Board Members Carran, Sewell, Wessels, Fette, Mattone, Meier, and Chairman Litzler in favor of the motion. The motion passed unanimously.

Chairman Litzler asked for a review of the March financial report.

Ms. Cullum reviewed the March financial statement (a copy of which is attached to the original minutes). She indicated that, at 75% of the way through the fiscal year, revenues were above projections at 93.2%, fees for services were above projections at 78.5%, and expenses were below projections at 71% of budget. She noted that One Stop Shop revenue was above projections at 86.7% with expenses below projections at 67.3%.

Following a brief discussion, Chairman Litzler asked for a motion regarding the March financial report. Mayor Meier made a motion to accept the March 2019 financial report subject to audit; Ms. Carran seconded the motion. Chairman Litzler asked for a roll call vote on the motion which found Board Members Meier, Carran, Fette, Mattone, Sewell, Wessels, and Chairman Litzler in favor of the motion. The motion passed unanimously.

Chairman Litzler asked for a review of the FY20 staff-recommended budget. Mr. Gordon took a minute to recognize and thank the six people sitting with him - Trisha Brush, Jan Crabb, Nicole Cullum, Scott Hiles, Emi Randall, and Brian Sims – for their hard work and input on the budget being presented.

Mr. Gordon stated that this is staff’s last scheduled presentation and that the budget balances. He advised members that he anticipates they will need to meet again next week to address questions they have regarding the information he provided via email yesterday.
Mr. Gordon advised members that the challenge PDS is facing is the accruing pension fund increases. He stated that PDS has a history of being transparent and frugal but the assessments for CERS, which began in FY18 ($523,484) and are expected to continue through FY22 ($926,040), are the challenge.

Mr. Gordon outlined the annual contributions PDS has made and will have to make.

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
<th>Amount</th>
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<tr>
<td>FY18</td>
<td>19.18</td>
<td>$523,484</td>
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<tr>
<td>FY19</td>
<td>21.48</td>
<td>$598,574</td>
</tr>
<tr>
<td>FY20</td>
<td>24.06</td>
<td>$739,835</td>
</tr>
<tr>
<td>FY21</td>
<td>26.95</td>
<td>$860,366</td>
</tr>
<tr>
<td>FY22</td>
<td>28.05</td>
<td>$926,040</td>
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Mr. Gordon stated that the challenge is to address these increases in a way that doesn’t compromise PDS’ financial stability or the services provided to the jurisdictions or the Kenton County Planning Commission.

Mr. Gordon indicated that staff’s charge has been to identify options to fund the FY20 budget goals and its CERS obligation – present and future. He reminded members that the CERS challenge can’t be resolved in a vacuum and that staff has worked to project how to best handle the impact of these increases not only in FY20 but in FY21, FY22, and FY23.

Mr. Gordon outlined the options staff is proposing to fund PDS’ FY20 budget goals and its increasing obligation to CERS.

1. Utilize savings from relocating operations.
2. Withdraw from reserves.
3. Make budget cuts.
4. Grow cost-sharing formulas.
5. Increase user fees.
6. Find new funding sources.
7. Grow the tax rate.

Mr. Gordon stated that staff found that no one of these revenue sources will provide the funds necessary to meet the three intermediate steps and the ongoing annual contributions being imposed by CERS. He advised members that meeting the targeted contribution rate of 28.05% in FY22 – up from 19.18% in FY18 – will require a comprehensive, multi-year funding solution.

Mr. Gordon noted that staff has provided several handouts (copies of which are attached to the original minutes) and explained how each supports following staff’s recommendations.

1. Graph 1: Actual and Anticipated Tax Rates, FY09-FY22
2. Graph 2: CERS and Health Insurance Costs, FY09-FY22
3. Spreadsheet: Impact of Varying Tax Rates on PDS’ Proposed FY20 Budget and Projected FY21 and FY22 Budgets
Mr. Gordon then outlined seven recommendations staff is making to fund the FY20-22 budgets. He stated that these recommendations are a combination of new and increased revenue streams.

1. Utilize the $130,000 savings from relocating operations – Mr. Gordon stated that even with taking a comp plus 4% increase, these funds are needed.
2. Make $78,159 in budget cuts.
3. Grow cost-sharing formulas in FY20 for increased income in FY21 and beyond.
4. Increase user fees by approximately $19,270 in FY20 and beyond.
5. Utilize new funding sources resulting in $36,760 in FY20 and beyond. Mr. Hiles provided background for one proposed new/increase source – driveway and sidewalk inspections – and a lengthy discussion followed.
6. Deposit $151,934 to reserves in FY20 and then withdraw $120,178 in FY21 and $172,598 in FY22. Mr. Gordon reminded members that withdrawing from reserves is a temporary fix and that eventually reserves will be depleted.
7. Grow the tax rate by taking a comp plus 4% rate, increasing PDS’ rate from 2.96 cents to roughly 3.01 cents per $100 of assessed value which would result in $145,483. He said that PDS can’t meet its CERS obligations for FY21 and FY22 without this.

Mr. Gordon stated that implementation of these recommendations would provide the necessary resources to accomplish the five budget goals set out by staff at the April 8th meeting.

1. Get staff salaries and wages on par with metro-area, public sector agencies.
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3. Get staff salaries and wages on par with metro-area, public sector agencies.
4. Maintain current staffing level at a minimum and provide additional staff support to GIS if possible.
5. Make the hard decisions to fund not just the immediate CERS needs but future needs as well.

Mr. Gordon advised members that the proposed budget meets these goals and will fund all PDS operations to be included in the proposed FY20 annual work program. He stated that PDS needs to take the long view and not look at FY20 in a vacuum or it will result in another tax increase in FY21. Discussion followed regarding fiscal year versus calendar year and increasing health care costs.

Ms. Cullum then highlighted a few changes that were made to the proposed budget since the last meeting. These included the following.

Changes to Revenue:

1. an increase of almost $2,000 in new development revenue;
2. a decrease in GIS Projects revenue – down from $9,500 to $6,000; and
3. a $400 increase in the Reserve Account Funds from $54,700 to $55,100.

Ms. Cullum indicated that the changes resulted in net effect of $1,066.

Changes to Operating Expenses:

1. an increase of $400 to Capital Expenses; and
2. a decrease of $1,466 in Reserve Account Deposits.

Ms. Cullum then explained the large spreadsheet (a copy of which is attached to the original minutes) outlining the varying tax rates that members had requested. She noted that even with taking the comp plus 4% rate there will be a deficit at the end of FY21 and FY22.

Mayor Meier asked what taking a comp plus 2% rate would produce. Ms. Cullum stated that difference between taking 0% and 4% is approximately $151,000 so 2% would be roughly half of that.

Chairman Litzler noted that even with taking comp plus 4%, PDS would have to pull from its reserve accounts. Discussion regarding tax notes, reserves, and lines of credit followed.

Mayor Meier suggested taking 2% this year and 2% next year but then noted that there is no guarantee that those on the Board next year will approval 2%.

Councilman Wessels asked if members could see what comp plus 2% would look like across the spreadsheet. Mr. Gordon stated that staff could make the changes and send the new information to members tomorrow.

Ms. Carran stated that the Board can’t do again what it did last year. She said that the Board took comp + 2% last year instead of the comp + 4% that the Council approved and that doing it again this year would be risking the financial health of the organization.

Mr. Waugaman stated that he was on the Council’s Budget Review Committee that recommended the comp + 4% last year and that he questioned why the Board didn’t take it. He said that the cost of everything is going up and that everyone knew about the pending CERS increases. He stated that the City of Villa Hills took comp + 4% last year and put the money in reserve. He also recommended projecting the budget out 5 years.

Ms. Carran reminded members that pension liability must be accounted for. She also stated that with building activity increasing, services provided by PDS will be needed more and staff will be asked to do more than it already is.

Chairman Litzler agreed with Ms. Carran and stated that they need to get salaries in line. He also reminded members that the CERS numbers before them are the best-case scenario and that health care costs continue to rise.
Councilman Wessels stated that he doesn’t consider 2% a gap in salaries and suggested phasing the increase in instead of going 4% all at once as Mr. Gordon recommended. He indicated that he thinks they will have a hard time explaining a 4% increase to Council and taxpayers.

Mayor Meier stated that 2% compounding is a lot for the employees and that CERS is the issue.

Mr. Mattone stated that the comp + 4% rate increase could be viewed as a 4% salary increase.

Councilman Wessels stated that he is just suggesting a way to soften it and still achieve the goal.

Mayor Mattone suggested phasing the salary increase in – 1% + 1.9% COLA, 1% + 1.9% COLA, and 1% + 1.9% COLA.

Mr. Gordon asked members please not to do that and to not touch the recommended salaries and wages for FY20.

Discussion returned to the proposed comp + 4% rate. Mayor Meier stated that he would like to look at taking comp + 2% in both FY20 and FY21.

Chairman Litzler stated that he was comfortable with taking comp + 4% in FY20 and then a compensating rate in FY21 and FY22.

Commission Sewell stated that she would like to at a look at the reserve issue and depositing $124,000. She suggested taking comp + 2% in FY20 and FY21 and spreading out the CERS’ assessments.

Ms. Carran asked if Mr. Gordon would be comfortable with this option. Mr. Gordon stated that he doesn’t understand how seeking several tax increases is better than taking one. Commissioner Sewell stated that, with health care costs and CERS, she doesn’t think it will only be one increase.

Mayor Meier stated that he would like to make a motion to instruct Ms. Cullum to prepare a spreadsheet showing how the numbers would look based on taking a comp + 2% rate for FY20, FY21, and FY22 and not contributing as much to reserves; Mayor Fette second the motion.

Following a brief discussion, Mayor Meier revised his motion to include numbers based on taking a comp + 3% for FY20 and a comp + 1% each for FY21 and FY22. Chairman Litzler asked for a voice vote on the motion which found unanimous approval and the motion passed.

Members then discussed the need for another meeting and after considering several dates, set a special meeting for Wednesday, April 24, 2019, at 8:00 AM. Staff noted that the room was only available until 10:00 and members stated that 8:00 AM to 10:00 AM should be enough time.
Mayor Fette stated that she wanted to discuss an issue that wouldn’t make her popular but that she has several concerns about it – the 4% salary increase. She stated that they have to look at it. Mr. Mattone stated that he knows what staff has put up with but there are impacts to CERS.

Ms. Carran stated that she has been on the Board for ten years and knows what staff has been through. She said that staff has received cost of living increases and nothing more, that they have sucked it up and hung in there doing more than their fair share. She went on to say that to say now that 4% is too much would be wrong. Ms. Carran said they are having the same discussion that they had last year and that if they don’t do it now it will be the same discussion next year.

Mr. Mattone suggested doing a 3% increase this year and a 1% for the next two years. Members discussed several options and Mayor Fette stated that it all comes down to the health of the budget.

Councilman Wessels indicated that the City of Fort Wright ended up increasing salaries for its police officers, but it wasn’t an across the board increase. Members asked what the City of Erlanger did. Mayor Fette stated that it gave a 6% increase across the board last year but that they only got a 4% increase this year, noting that the City of Erlanger has a healthy budget. Ms. Carran said they have a healthy budget because they have taken comp + while PDS hasn’t over the last ten years.

Mr. Waugaman stated that the City of Villa Hills goes to the Area Development District every few years to determine what salaries should be. Mr. Gordon stated that Ms. Crabb had just done this And that the 4% recommendation was the result of that process.

Councilman Wessels indicated that work environment is worth more. He stated that he realizes that 4% is the goal but there are other things that need to be considered. He said that the reserve issue is bothering him, and he believes we should pay people what they deserve but all of it needs to balance. He also stated that he agrees that if we can do it, we should because we have good folks, but we need to remember that it isn’t our money.

Mr. Waugaman stated that there is a lot of theft of employees going on in the private sector and that you can’t find people to replace the ones that you lose because no one is out there.

Chairman Litzler stated that he has attended almost every Council meeting for the past several years and has witnessed its regard for PDS, and its staff, grow. He reminded members that Council told them last year that they needed to keep quality people to maintain services. He stated that the Council will understand the 4% increase since staff has only received cost of living increases for ten years.
Mayor Meier agreed that the 4% increase is needed for salaries and that taking the comp + 4% is also needed. He stated he is, however, willing to look at comp + 2% for FY20, FY 21, and FY22.

Mayor Fette stated that her comments and beliefs are not just based on her time with the City of Erlanger but are based on multiple years of experience with Fidelity and watching her parents who were small business owners.

Mr. Waugaman again stated that if people leave there is nobody out there to replace them.

Chairman Litzler stated that he agrees with Ms. Carran’s earlier comments and that financial health of the organization would be at risk. He said that staff has been through bad times and has only received cost of living increases. He told members that he doesn’t feel guilty and now that the economy has improved, they can afford it. Chairman Litzler advised members that if they didn’t do it, they would start losing people.

Ms. Carran stated that some members weren’t on the Board during the hard times and don’t know the history but assured them that they will lose good people if the increase isn’t approved.

Chairman Litzler then asked for a review of discussions with the Kenton County School Board for annual analyses of the system’s student population and school districts. Mr. Gordon provided members with a handout (a copy of which is attached to the original minutes) and outlined staff’s recommendation. He stated that this information is being provided for their review and the matter will be on the next meeting agenda for action.

Chairman Litzler asked for reports from members. Mayor Meier stated that he had attended the APA Conference and would update members at the next meeting.

**NEW BUSINESS**

Chairman Litzler asked if there was any new business to come before the Board. There was none. Councilman Wessels made a motion to adjourn the meeting and Commissioner Sewell seconded it. With all in favor, the meeting adjourned at 6:17 PM.

____________________________________
Paul Meier, Chairman

____________________________________
Dennis Andrew Gordon, FAICP
Executive Director/Secretary