Chairman Tom Litzler called the special meeting of the Planning and Development Services Management Board to order at 8:07 AM 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.

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<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>
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<td>Vice Chairman Paul Meier</td>
<td>May 2016 through April 2020</td>
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<td>Sherry Carran</td>
<td>May 2017 through April 2019</td>
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<td>Jessica Fette</td>
<td>May 2018 through April 2020</td>
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<td>Matt Mattone</td>
<td>May 2016 through April 2020</td>
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<td>Beth Sewell</td>
<td>May 2017 through April 2019</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: Gary Waugaman, Board Member-Elect; 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.

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

**ONGOING BUSINESS**

Chairman Litzler asked for the presentation and discussion on the staff recommended FY20 budget.

Mr. Gordon briefly outlined the three-month process that brought members to this point and how PDS got in this predicament. He stated that PDS has been more than responsible with its finances and showed members two graphs (copies of which are attached to the original
minutes) that illustrate how responsible the Board and Council have been – one graph showed the actual and anticipated tax rates for FY09 through FY22.

Mr. Gordon noted that tax revenue made up 70.4% of PDS’ total revenue in FY09 but only 66.7% today.

Mr. Gordon then reminded members that there are two major expenditures that we can’t control – contributions to the CERS pension fund and health insurance coverage. He stated that these costs were stable from FY09 through FY14 then began to climb and have continued to climb. He noted, as reflected on the graph, that CERS contributions were lower from FY13-16 than they were in FY12 and expressed frustration with this “insanity” and the fact that “we’re paying for that now.”

Mr. Gordon advised members that four CERS increases of 12% were planned for FY19- FY22 but that this increase will be stretched into FY23 as well – topping out at 30.8% of each non-hazardous employee’s salary/wage.

Mr. Gordon stated that PDS has been totally responsible with its finances and that this predicament is clearly not of our making. We cannot control what is happening with CERS.

Mr. Gordon advised members that staff set goals for the FY20 budget to address the financial issues caused by these uncontrollable expenditures

1.-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. Take the long view in dealing with our predicament. Don’t craft a budget that meets only immediate needs. Look two years out. Make hard decisions. Position PDS to meet these growing requirements.

Mr. Gordon stressed the need to think strategically by:

1. pursuing one tax rate increase of 4% instead of two or three smaller increases over several years;
2. emphasizing $78,159 in cuts, $56,030 in new revenues, and $130,000 in savings resulting from the move;
3. recognizing that the FY21 and FY22 revenue projections presented with this budget come in at just 2.1% below the expenditures and we have several years to address these; and
4. seizing the day and accomplishing as much as possible toward FY20, FY21 and FY22 and resisting the urge to kick the can down the road.

Mr. Gordon went on to say that PDS needs to pursue action steps by:
1. endorsing and sending the amended comp plus 4% version of the budget to the Council;
2. approving and implementing the schedule of new and increased user fees; and
3. filling the documented salary/wage gap to reward staff for their commitment to excellence.

Mr. Gordon advised members that staff believes the proposed budget is right for taxpayers, staff, and the 20 jurisdictions they serve.

After a lengthy discussion regarding salaries/wages, Mayor Meier stated that he feels strongly about this issue and that staff has stuck with them through bad times as well as good times. He said that they need to give the 4% salary/wage increase to get them where they need to be and to keep its employees.

Mayor Meier then made a motion to approve the 4% salary increase included in the proposed budget; Ms. Carran seconded the motion. Chairman Litzler asked if there was discussion on the motion. Discussion followed.

During discussion, Councilman Wessels asked staff if they considered the CERS contributions and increases to be part of their compensation. Ms. Randall stated that she is a Tier 3 employee and will only ever see 4%. Mr. Hiles stated that his staff needs to pay their bills and needs more in their pockets.

Chairman Litzler advised members that he sat down yesterday to review all the information that has been provided to them and concluded that the need for the 4% salary/wage increase can’t be denied. He also stated that if Mr. Gordon feels that it is that important to make it the first three goals, the Board needs to trust his judgement. Chairman Litzler also noted that the funding for an additional inspector and zoning official has been removed from the budget, again showing that Mr. Gordon believes this is more important than adding additional staff.

Chairman Litzler pointed out that the salary survey shows that PDS’ salaries/wages are out of line and that members need to take steps to keep employees as well as adding a 25-year step for its long-term employees. He noted that PDS has lost 24 people between FY10 and FY18. He stated that out of 20 - nine left for more pay, nine left due to lay-offs, two left due to the privatization of electrical inspections.

Chairman Litzler reminded members that this is a workers’ economy and that staff received 0% in FY09-FY11 in addition to taking cuts during the hard times.

Chairman Litzler also reminded members that staff will have to pay additional payroll tax (1.2%) with the move to Covington.

Chairman Litzler stated that the 4% salary/wages increase is not only needed but justified.
Mr. Mattone stated that he understands that they would risk losing people but that he would still like to see options – 3% in FY20, 3% in FY21 – since any increase has an impact on CERS contributions.

Commissioner Sewell indicated that she supports staff but would also like to see the numbers for other options.

Ms. Cullum left the meeting at this time to rework the salary/wage numbers as requested by members.

Ms. Carran stated that all they need to do is look at the historical sheet provided to know that the 4% increase is justified. She reminded members that this was supposed to happen last year, but it didn’t and that here they are again. She stressed that PDS will start losing staff and that they need to appreciate the quality staff they have. Ms. Carran also stated that they didn’t take the comp + 4% last year because they were trying to be conservative.

Mr. Mattone stated that they should have taken comp + 4% last year when the Council approved it.

Discussion regarding CERS and possibly withdrawing future employees from it followed.

Chairman Litzler reminded members that there was a motion on the floor and that Mayor Meier had moved to approve the 4% salary increase included in the proposed budget and Ms. Carran had seconded the motion. He then called for a roll call vote which found Mayor Meier, Ms. Carran, Commissioner Sewell, Councilman Wessels, and Chairman Litzler voting in favor of the motion and Mayor Fette and Mr. Mattone voting no. Commissioner Sewell, Councilman Wessels, and Mr. Mattone stated for the record that they would still like to see the numbers for other options. Chairman Litzler noted that motion passed by a vote of 5 to 2.

Mayor Meier stated that the next step was the tax rate and whether to take comp +4% or comp +2% for several years. Chairman Litzler stated that they couldn’t guarantee taking a comp + 2% for the following two years and stated that he believes they should only take one increase of a comp +4%.

Councilman Wessels indicated that he has an issue with taking comp +4% and putting money in reserve. Mr. Gordon stated again that the proposed budget had been revised to address that issue.

Ms. Carran stated that, after last week’s discussion, she looked at how some of the cities handled their finances and found that the City of Erlanger has restricted and unrestricted funds but not “reserves.” Mayor Fette stated that they do have reserve accounts in addition to restricted and unrestricted funds. Ms. Carran stated that there are funds set aside for certain purposes just like PDS but that it is just shown differently on the budget.
Following additional discussion, Mayor Meier suggested leaving the $61,935 as a carry over instead of depositing it into reserves. Discussion followed.

Ms. Cullum returned to the meeting with the salary/wage information.

| Difference between 4% and 3% | $38,863 |
| Difference between 4% and 2% | $77,620 |

Members returned to discussing the deposit to reserves and Commissioner Sewell indicated that she was more inclined to abandon the deposit to reserves and taking comp +2% but added that they can’t tell future boards what to do.

Commissioner Sewell then made a motion recommending a tax rate not to exceed the compensating rate plus 2% with no contributions to reserves. Councilman Wessels seconded the motion. Chairman Litzler asked if there was discussion on the motion.

Following additional discussion, Commissioner Sewell revised her motion to recommend a comp +2% tax rate provided it generates at least $3.711M, and not contributing to reserves; Councilman Wessels seconded Commissioner Sewell’s amended motion. Chairman Litzler asked for a roll call vote which found Commissioner Sewell, Councilman Wessels, Mr. Mattone, and Mayor Meier in favor of the motion and Ms. Carran, Mayor Fette, and Chairman Litzler voting no. Mr. Mattone clarified that he was voting yes provided the $3.711M threshold is met; Ms. Carran and Chairman Litzler stating that their no votes were based on the belief that a comp +4% rate is needed to cover CERS’ long-term costs; and, Mayor Fette stating that she was voting no because the salary increase is included. Chairman Litzler stated that the motion passed by a vote of 4 to 3.

Mayor Meier then made a motion to endorse the budget and staff recommendations as submitted, based on a tax rate of comp +2% provided it generates at least $3.711M and to send it to the Council’s Budget Review Committee; Commissioner Sewell seconded the motion. Chairman Litzler asked if there was discussion on the motion. With none, Chairman Litzler asked for a roll call vote which found Mayor Meier, Commissioner Sewell, Ms. Carran, Mr. Mattone, Councilman Wessels, and Chairman Litzler voting in favor of the motion and Mayor Fette voting no. Ms. Carran stated that she voted yes but believes that the tax rate should be comp +4%. Mayor Fette stated that she voted no due to the salary/wage increase being included. Chairman Litzler noted that the motion passed by a vote of 6 to 1.

A brief discussion followed regarding other revenue sources available to cities and the county that are not available to PDS.

Mayor Fette stated that she would like to make a motion to open discussions on KRS Chapter 273 and add PDS to the list to withdraw from CERS; Councilman Wessels seconded the motion. Chairman Litzler asked if there was discussion on the motion.
Ms. Carran asked Mayor Meier if KLC was still pursuing pulling CERS out of KERS. Mayor Meier responded that it is. Mayor Fette stated that PDS needs to be a model and pull out of CERS by finding a creative solution. She went on to say that PDS needs to get out of it because it is a sinking ship.

Chairman Litzler asked if there were any other comments on the motion. With none, he asked for a roll call vote which found Mayor Fette, Councilman Wessels, Ms. Carran, Mr. Mattone, Mayor Meier, Commissioner Sewell, and Chairman Litzler in favor of the motion. The motion passed unanimously.

Mr. Gordon suggested that there may be push back because PDS is an SPGE and will undoubtedly receive an “all SPGEs or none” response from the General Assembly. Mayor Fette stated that PDS is different from most SPGEs and asked how many other SPGEs were in CERS.

Chairman Litzler opened discussion on a recommendation from the executive director to authorize signature of an agreement for professional services with the Kenton County School Board for annual analyses of the system’s student population and school districts. Mr. Gordon reminded members that information regarding this agreement was provided during last week’s meeting.

Following a brief discussion, Councilman Wessels made a motion to authorize the executive director to sign an agreement for professional services, after review by legal counsel, with the Kenton County School Board for annual analyses of the system’s student population and school districts; Mayor Fette seconded the motion. Chairman Litzler asked if there were any questions on the motion. With none, he asked for a roll call vote which found Councilman Wessels, Mayor Fette, Ms. Carran, Mr. Mattone, Mayor Meier, Commissioner Sewell, and Chairman Litzler in favor of the motion. The motion passed unanimously.

NEW BUSINESS

Chairman Litzler stated that the next item on the agenda is to say goodbye to two members of the Board: Sherry Carran and Bernie Wessels. He stated that Ms. Carran has served on the Board since 2008 and that Covington is now a participant in PDS’ services due to her efforts. He also stated that Ms. Carran’s defense of this organization during the petition drive went above and beyond and that she took some hits in the process.

Mayor Meier stated that he and Ms. Carran joined the Board around the same time and that the City of Covington came a long way under her watch.

Ms. Carran stated that it has been a privilege to serve on the Board. She stated that planning is very important and that PDS does amazing work for the county and Northern Kentucky. She also said that all the amazing work improves the quality of life for citizens.
Mr. Gordon thanked Ms. Carran for her kind words for staff as well as her support and service. He stated that only a few people get it and she, being one of them, will be missed. Mr. Gordon also stated that Ms. Carran is leaving as the longest serving female in the history of the Board.

Chairman Litzler then thanked Councilman Wessels for his service. He stated that he was concerned when Councilman Wessels was first elected to the Board but that he brought a different perspective to the Board which helped the Board see how things impact builders/developers.

Councilman Wessels stated that serving on the Board has given him a different perspective about what PDS does. He stated that it has been a pleasure to serve and work with the leadership team.

Chairman Litzler reminded members that the next meeting would be held on May 1st at 5:15 PM, that the new members will be sworn in, that officers will be elected, and that the meeting schedule for the following year would be set. Mayor Meier asked members to come to the meeting with suggestions for alternative days if the third Thursday of the month doesn’t work with their schedules.

Chairman Litzler asked if there was any new business to come before the Board. There was none. Mayor Meier made a motion to adjourn the meeting and Commissioner Sewell seconded it. With all in favor, the meeting adjourned at 9:39 AM.

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Paul Meier, Chairman

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Dennis Andrew Gordon, FAICP
Executive Director/Secretary