

City of Stanford
Special Council Meeting

Monday, June 18, 2018

I. Call to order

Mayor Eddie Carter called to order the special meeting of the City of Stanford Council at 6:38 pm on June 18, 2018 at the Stanford L & N Depot. Councilmember James led the opening prayer and Mayor Carter led the Pledge of Allegiance.

II. Roll call

A roll call was conducted, and the following council members were present: Ronnie Deatherage, Scottie Ernst, Sara Givens, Peggy Hester, Naren James and John Sallee.

III. Statement by Mayor Eddie Carter Concerning the Payroll Tax Increase

Mayor Carter explained to the citizens that he has been hearing some rumors that the City is about to go bankrupt, but that is not true. We will have about a \$150,000 surplus at the end of the fiscal year. We will be out of debt on a Fire truck and a large bond payment in 3-4 years. The City is stronger than it has been in many years. We have jobs coming on board: the green house, the dialysis center, and the ball bearing company which has not been included in the payroll tax estimates. It also does not include annexation which could bring in approximately \$50,000. We try to make every tax dollar go as far as it can. We are considering 2 possible readings tonight, one on a 2% payroll tax increase and one on a 1.25% increase. Mayor Carter stated that he was never for a 2% payroll tax increase and he will veto it if it passes. He stated that he respects the right of Council members that want a 2% increase.

IV. Citizen Comments

- a) Marty Pulliam – wants to remind everybody that when giving a group of employees a raise, no form of government ever gave anybody anything that they didn't take away from somebody else first. To finance this raise, the rest of the people will get a pay cut. He stated that nothing is worth his taxes going up one penny. He respects and appreciates the Police Officers – they do a tremendous job. They made the decision to work in the City of Stanford knowing what the pay was. They probably deserve a raise, but find that money somewhere else – don't raise taxes to do it.
- b) Dr. William Stafford – The way you are going about this is a mistake. The reason it is a mistake is because you are talking about a percentage tax - percentages are

ratios. Currently it is .625 %. The amount of money the percentage generates fluctuates based on the size of the community and how productive the community is. When the community gets bigger or the community members get more productive, you will have more money. The business of increasing the funds for the Police and Fire Departments through increasing the numerical percentage of the tax, unlike the other two methods I described which are automatic, increases their wages by decreasing the wages of everybody else. It is a demotion for the City and a promotion for the people who work for the City. If you want to increase the income of Police and Fire without harming the rest of the community, there are 3 alternatives: first, take steps to encourage businesses to locate in the city of Stanford, one of the greatest draws to any business is low taxes - raising taxes like proposed here does the opposite; second, ask the Police and Firefighters to raise their own income the same way everybody else does -become more productive and do more with less; third, encourage more people to go to work or beg the State and Federal government to stop paying people not to work. When they don't work they can't be taxed and they can't contribute.

- c) Donnie Gooch – ticket people on Herndon Ave for speeding and charge people who have more than one rental property more than \$50.
- d) Debbie Francis – stated she appreciates the Police & Fire Department who have helped her many times. She asked if the increase to 1.25% would be sufficient to give the needed raises; what would the extra .75 % be used for. Councilmember Ernst stated that we are forgetting the 12% increase that the Kentucky Retirement System has imposed. Ms. Francis asked council to consider the 1.25 % if the Police and Fire can get what they need. She works with a lot of people who live out in the county and basically this is taxation without representation. She understands we must have taxes to pay for public services. She also understands not getting a raise because she has not had one for 10 years. Please consider a lesser tax to take care of Police and Firemen, but in perspective she is a single mom teacher, 2% of what she makes is \$1000 a year. We are asking people to come to our county to work to be teachers, but we pay less than everybody around us already.
- e) Sherry Baugh – thinks 1.25% would be acceptable for most people. She works at Walmart, has the utmost respect for the Police Department and is 100% for giving them a raise and funding their retirement. What got us to this point – are we budgeting wisely? Councilmember Ernst stated that past Councils have been afraid to raise taxes.
- f) Kimberly Evans – a high school teacher for the last 17 years. She greatly appreciates public service workers, she is one, so she understands their strife. We

have been fighting our own pension system. She is concerned that this payroll tax is going to be pulling from what we can offer new teachers coming in.

- g) David Cornelius – Isn't one of the major problem, Brake Parts, leaving? Mayor Carter said that David brought up a good point, we lost 400 jobs here a few years ago. Mr. Cornelius stated that only 10-12% of the people who live in town pays the tax, so it gets passed to people who don't live in town. You haven't raised the property tax and it looks like you ought to balance it some with the people who live in town.
- h) Kenny Harris – works at Lincoln Manufacturing. He explained that he was one of those 400 people who lost their job a few years ago. He came back for less money because he likes to work here. You are hurting business when you raise the occupational tax this way. It makes it harder to get employees. He understands that other cities have occupational taxes that are similar, but the Lexington and Jessamine county area wage base is much higher. The wages here are much lower so when you hit them with the same kind of taxes you do in Lexington, it costs people – people who only make \$13 an hour. It will cost them \$540. The folks at LMI got a raise at the first of June and this tax if passed effectively take that raise away. He's not opposed to raising the tax, he knows a tax increase is necessary for the city to maintain, but the burden should be shared with the residents of the city. If the residents want better sidewalks and streets and things of that nature, they need to participate in paying for them.
- i) Ruth Smith – works at the hospital. If you take someone that is making \$10.91 an hour, they pay \$4.91 out of their pay check right now. That's going to be an increase to \$15.11. That may not sound like much to some in this room, but it's going to be a hard hit to a house keeper or a dietary person that doesn't make that much. You can go to Danville or Lexington and pay more tax, but you're going to make more money there as well. This should be shared among the citizens – raise the property tax a little bit. Look at the big picture and spread this tax around – don't make it so hard on the working person here in Stanford because we don't have enough jobs in Stanford as it is.
- j) Dawn Atkins – has worked at the PVA office for 18 years. She is very concerned about the people who work in the City limits that make \$13 or less an hour. That is not an uncommon pay for people who work here. It's an increase of \$365 a year. The people making this kind of money live paycheck-to-paycheck. She has worked for the State for 18 years and over the last 10 years, she has had a 2% total pay increase. She wants you to think about what you are doing to the average family in Stanford. Take the 4% property tax increase every year; that's

a mistake to not take that. It's not courageous to raise taxes on people who can't vote you out.

- k) Tim Lair – proud taxpayer in the City of Stanford for 40 years – don't want to live anywhere else. He's here representing his daughters and grandchildren. By his vote, the Council has the power to spend his money. If you say the payroll tax goes from .65% to 1%, I do the math. That's a 54% increase on how you spend my money. If you say it goes from .65% to 2%; that's a 206% increase on how you are spending my money. I'll never vote for you for that. When making a decision, forget the quick fix. Wisdom says it holds up over time; generations of time.
- l) Todd Boyd – working at the green houses. He stated he can't afford insurance or retirement. It's not right to take his pay and give it to people who have so they can have more.
- m) Thea Long – teaches at the middle school. There are several teachers that are in the same boat as the Police and Firemen. It's an occupation where you work really hard, but you are under paid, but you do the job because that is where your heart is at. When annexation came up, we didn't get to vote. We pay city and county taxes – we are already doubled up.
- n) Dalton Miller – Our downtown is very appealing, but outside of the historic district our town isn't much. We can't invite businesses here because of our drug problem. Companies have stopped drug testing just to get employees. It's not about a raise for the Fire or Police. It's about their retirement - these guys chose a profession that paid less money for a guaranteed 20-year retirement that went to 25 years and they had no say in it. He doesn't want to pay more taxes, but he knows that he has to.
- o) Cable Francis – Council is going to have to make a decision on our City's future. Think about a comprehensive plan and what you want the city to look like - come back with a plan to show what your imagination for this town is and what you envision, then maybe there will be more support for doing something. Maybe we will be more attractive to industry coming in. Please don't put it on those who are making minimum wage.
- p) Felicia Rhoecs – works at Pizza Hut, has 2 children and makes \$7.25 an hour. She has to have food stamps and Medicaid to live, but she still works and goes to school. She cannot afford more taxes.
- q) Jane Powers – representing Hudson Cleaning Service & Floor Care out of Garrard County, but she cleans here in Lincoln County. She currently pays City and

County taxes and has 3 employees that she pays \$10 an hour (which is all she can afford to pay). She is asking not to raise the taxes at all.

- r) Kenneth Ganders – works for the Fire Department. He understands that the tax increase is to give pay raises to the Police and Fire Departments. What's that going to do for the Fire Department because it not our fault we're not a paid department; we're volunteers. Where would the city be in the ISO rating if it wasn't for the volunteers that got these rating down to save insurance money for the homeowners. Our raise is way low; it should be pretty much equal. I can understand the Police Department getting more, but ours shouldn't be way less. It should be equal.
- s) Cynthia Gibson – works at Lincoln Manufacturing. There are a lot of us that are husband and wife, so you hit us twice. We're maxed out and we only get 10-20 cents cost-of-living raise which is already gone. Luckily her husband is a veteran, so he can get health insurance. If you do 2% and we're both working at the same place and working in Stanford, you're taking too much out our checks.

V. First Reading of Ordinance to Amend 2017-2018 Budget

Attorney Reed explained that this amendment is necessary because we took \$5000 from the Police Department budget and moved it to the general fund so we could purchase a cruiser for our K-9 unit and when something exceeds the budget, you must show an amended budget, so we have a zero balance.

Councilmember James made a motion to have first reading of the amended ordinance. Councilmember Hester seconded the motion and with all in favor, the motion carried.

Attorney Reed gave first reading to the ordinance.

VI. First Reading of City of Stanford Payroll Tax Increase to 1.25%

Councilmember James stated that he shares the concerns of the residents and wants to keep the tax rate as low as possible. He is totally opposed to 2% and will support the Mayor's veto if it comes to that. We must work toward creating a competitive employment base. His position is to not take a single dime more than is absolutely necessary unless we have a plan to actually spend it. He can compromise with the 1.25% that the Mayor has come up with, but frankly was closer to the 1.15%.

Councilmember James made a motion to accept the Mayor's recommendation of a 1.25% increase in the payroll tax. Councilmember Sallee seconded the motion. A roll call vote was taken and with all in favor, the motion carried.

Attorney Reed read the ordinance amending the payroll tax from .65% to 1.25%.

After the reading, several in the audience mentioned that the ordinance said that it would apply to net profits also. Attorney Reed said that it was just the payroll tax.

VII. First Reading of 2018-2019 City of Stanford Budget with 1.25% Payroll Tax Increase

Mayor Carter and Councilmember James pointed out some of the main changes: hazardous duty retirement is included for those that it applies to, 15% increase for the Fire Chief and Police Officers, everybody else gets a cost-of-living, 5% for volunteer firefighters, Jeff Knouse went up to \$15, Aaron Miracle went to \$15, and Chris Reed went from \$800 to \$1000.

Councilmember James made a motion to have first reading of the 2018-2019 Budget and Councilmember Givens seconded the motion. A roll call vote was taken and with all in favor, the motion carried. Attorney Reed gave first reading of the 2018-2019 Budget Ordinance.

Attorney Reed mentioned that he must retract what he said earlier, and the increase does go on the net profits of businesses too.

After much discussion, it was suggested to let the first reading stand and get clarification from Bob Casher, Bluegrass ADD, before the next meeting.

After more discussion about the wording of the old ordinance, Councilmember James made a motion to rescind his previous motion referencing the payroll tax. Councilmember Hester seconded the motion and with all in favor, the motion carried.

Councilmember James made a motion to propose an increase in the occupational tax to 1.25% and leave the net profit tax the same at .65%. Councilmember Deatherage seconded the motion. A roll call vote was taken and with all in favor, the motion carried. Attorney Reed gave first reading to the ordinance amending the occupational tax to 1.25% and leaving the net profit tax the same at .65%.

VIII. Second Reading of 2018-2019 City of Stanford Water/Sewer Budget

Mayor Carter asked Jack Withrow with the Water Department to come forth to answer the questions from the last meeting. Mr. Withrow passed out a sheet on salaries which had been requested at the last meeting. Councilmember Deatherage asked about the issue with the fire hydrant maintenance. Mr. Withrow stated that there should be an ordinance sometime in early 2000's stating that the Fire Department would take over the maintenance. Neither Mayor Carter nor Chief Maples have been able to find that ordinance. Mayor Carter stated that we need to work together, and the maintenance issue does need to be worked out.

With no further questions for Mr. Withrow, Mayor Carter called for a motion.

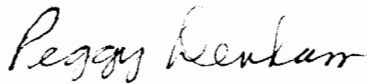
Councilmember Givens made a motion to have the second reading to approve the 2018-2019 City of Stanford Water/Sewer Budget. Councilmember Sallee seconded the motion. Attorney Reed gave second reading to the ordinance. A roll call vote was taken and with all in favor, the motion carried.

IX. Next Meeting

The next meeting was set for Thursday, June 21 at 6:00.

X. Adjournment

Councilmember James made a motion to adjourn and Councilmember Deatherage seconded the motion. With all in favor, the meeting was adjourned at 9:27 p.m.



Minutes submitted by: Peggy Denham

Eddie Carter, Mayor