

***City Council  
Special Meeting  
Minutes***

**June 7, 2016  
Louisville Public Library, Meeting Room  
951 Spruce Street  
3:00 pm**

**CALL TO ORDER**

Mayor Muckle called the meeting to order at 3:04 p.m.

The following members were present:

***City Council:***        ***Mayor Robert Muckle, Mayor Pro Tem Jeff Lipton; City Council members Jay Keany (arrived 3:10), Chris Leh, Susan Loo, Dennis Maloney and Ashley Stolzmann***

***Absent:***                ***None***

***Staff Present:***        ***Malcolm Fleming, City Manager  
Heather Balsler, Deputy City Manager  
Joe Stevens, Parks and Recreation Director  
Kathy Martin, Recreation Superintendent  
Julie Seydel, Facility Operations Manager  
Kevin Watson, Finance Director  
Beth Barrett, Library Director  
Allen Gill, Parks Project Manager  
Meredyth Muth, Public Relations Manager***

***Recreation Task Force Members:***  
***Kaylix McClure  
Louise McClure  
Michael Menaker***

***Others:***                ***Sam Light, City Attorney  
Jim Manire, Bond Counsel***

City Manager Fleming introduced the item saying staff needed direction on how to move forward with possible ballot language for a recreation center expansion and whether it should include a property tax increase for both the bond and operations and maintenance (O&M) or a property tax for the bond and a sales tax for the O&M. He recommended a 20-year term for the bond repayment, but asked Council for their input on the length of the bond repayment.

**DISCUSSION/DIRECTION – RECREATION/SENIOR CENTER  
AND AQUATICS TAX SURVEY RESULTS AND CITIZEN SURVEY  
RESULTS ON MUSEUM AND PRIORITIES**

**and**

**DISCUSSION/DIRECTION – POTENTIAL REVENUE SOURCES  
FOR AN EXPANDED AND RENOVATED RECREATION/SENIOR  
CENTER AND AQUATICS FACILITIES**

Laurie Urban from National Research Center presented the results and methodology of the tax survey. It was a phone survey of registered voters. She stated most residents rate Louisville highly. She noted in general households with children, those without older adults, and those who have lived here a shorter amount of time gave the most support for a possible tax measure.

Councilmember Stolzmann asked what the margin of error is for question 5. Urban noted it is approximately plus or minus 7-8 percent. Urban stated this question was particularly difficult because people were asked the question in a random order to determine what is the highest amount he or she would agree to pay. Those who answered that they would pay the \$150 from the start were not asked the lower amounts.

Councilmember Loo asked if there was substantial support for a \$150 per year cost to fund the bond issue. Urban stated 77% of those asked the question (plus or minus a 7-8% margin of error) would agree to pay the \$150 cost.

Mayor Pro Tem Lipton stated the \$150 amount appears to be the right number to look at as there does appear to be support for it. Mayor Muckle and Councilmember Leh agreed that \$150 seems to be the right number to ask.

Urban noted the more people learned about what would be included in the expansion the more likely they were willing to pay for an expansion. Also, knowing the library bonds would be paid off also meant more were likely to support the expansion.

Urban stated there was a fairly equal response for those who supported a property tax for the operations and maintenance (O&M) or a sales tax, with support for a sales tax being just slightly higher.

Councilmember Stolzmann stated she would like staff to bring back ballot language for a property tax for the construction bond and a sales tax for the O&M. Councilmember Loo agreed and added that businesses would prefer the sales tax to the property tax because businesses pay such a higher rate for property tax.

Resident Michael Menaker noted the survey shows how high incomes are in Louisville and that many people have the ability to pay for most anything they want. He added more respondents were older and older voters were less likely to vote yes. In the end, he felt these responses show what people know in the absence of any real education of what the expansion would offer, meaning that what will be needed is the right education campaign.

Councilmember Keany agreed with the direction to staff to prepare ballot language for a property tax for expansion and a sales tax for the O&M. Maloney agreed with that approach.

Mayor Muckle noted he likes a property tax option for both so as to diversify the City's revenue sources and not be so dependent on sales tax if there is a downturn in sales tax.

Councilmember Loo agreed with the reasoning but noted there is also a lot of discussion that sales tax makes those who don't live here pay their fair share rather than putting all the burden on residents.

Councilmember Stolzmann would like to see how much the fees would need to be raised so as not to have an additional tax for O&M.

Mayor Pro Tem Lipton noted new property taxes will always generate push back from seniors and businesses. He thinks the property tax route for O&M may be a harder sell. He supported a sales tax for O&M. Councilmember Maloney agreed stating the effect of property tax increases is much greater for businesses.

Councilmember Loo noted businesses generally pass costs on to tenants and we already have a very high lease rate. If lease rates increase again that impacts our competitiveness in attracting businesses.

Councilmember Leh stated the City can't be cavalier about how these taxes affect the business community. He agreed on the property and sales tax combination.

Mayor Pro Tem Lipton noted he supports the 25-year bond maturity period or possibly even 30 years.

City Manager Fleming stated initial estimates for O&M are \$700,000.

Jim Manire noted whatever the Council decides on the term or amount of the bond, the number in the ballot language (which is the full repayment cost) needs to be high enough to accommodate fluctuations in the market.

Finance Director Watson noted that making the bond longer will increase the annual cost to the residents and could get higher than the \$150 per year cost to residents (based on a \$500,000 home).

Mayor Pro Tem Lipton stated there is value in matching the life of the asset (the building) to the life of the bond and he supports 25 years. He added interest rates are low now so it is a good time to borrow.

Councilmember Maloney supports 25 years for the bond to give greater flexibility. He asked what the total cost projection for the construction is.

Councilmember Loo stated the goal of the Task Force has been to keep it under \$30 million.

Councilmember Maloney stated his support for property tax for construction and a sales tax for O&M for a 25-year bond. Councilmember Keany agreed.

Mayor Muckle noted his preference for 20 years on the bond.

Mayor Pro Tem Lipton asked when the taxes would start. Would it be before the facility is built? Councilmember Keany noted the property tax would start when the bond is issued. Deputy City Manager Balsler stated the sales tax for O&M would be instituted to coincide with the opening of the new facility. Parks & Recreation Director Stevens noted it would likely take until 2019 to construct and get a new facility open.

Councilmember Loo stated it is unconscionable a new recreation center won't be open until 2019 if the taxes are approved in 2016. She would like a much faster schedule. City Manager Fleming noted it is a \$30 million project and it will take time given the size of the project, how long design takes, and all of the regular day-to-day work staff has. He noted the wastewater plant project is also about \$30 million and it has an 18-month construction time for a plant that was already designed.

Director Watson stated best practices would be to not issue the debt until it is needed.

Councilmember Maloney noted his concerns that construction costs are rising rapidly and can the process be speeded up.

Councilmember Keany asked if design-build process would be quicker. City Manager Fleming stated it might be.

Mayor Muckle concluded there appears to be support from the Council to move forward with ballot language for the property tax to pay the bond and a sales tax to support O&M.

Members deferred discussion on the Historic Preservation Tax extension to the July 5 meeting when it could be explicitly listed on the agenda.

Lipton asked if the ballot language can give options for up to 25 years for the bond, but then it could be shortened if market conditions allow. Manire stated that would be a procedural decision for the City Council when it approves the ballot language.

### **ADJOURN**

The meeting adjourned at 4:25 p.m.

---

Robert P. Muckle, Mayor

---

Meredyth Muth, City Clerk