



PRESIDENT'S MESSAGE >>>>>



Memo from KLC President and Jackson Mayor Mike Miller

An interesting pattern is emerging over time for Kentucky League of Cities. History has shown that immediately after a major crisis, KLC responds with an extraordinary period of growth and returns stronger than before.

This pattern began when KLC was founded. Shortly after KLC was incorporated, the stock market crashed, marking the beginning of the Great Depression. Instead of crumbling, KLC served a vital role in uniting cities to overcome financial devastation of that era. Despite those rocky beginnings, KLC has grown to one of the largest and most effective state municipal leagues in the nation, focused on the needs of its members and the future of our communities.

After the recession in the early 1980s member cities couldn't find affordable insurance and financing. KLC responded by creating programs tailored to meet the needs of city government. It seems that those challenging times inspired yesterday's city leaders to think bigger and become better than before.

Today we are in a similar situation. The financial climate has downturned, causing record unemployment rates and numerous housing foreclosures. During the past nine months, KLC has faced unprecedented scrutiny from the media and the state auditor. In December, the state auditor's office issued a report examining KLC's financial policies and activities.

Unfortunately, 2009 will be described as a tumultuous time for

KLC and its member cities, but I am confident 2010 will be the year of progress and realignment to our mission. As history has taught us, now is the time for KLC's leaders to answer the call to action.



Mayor Michael Miller
City of Jackson
KLC President

The auditor's report and the public discussions during the last several months about KLC's policies and practices have provided our organization with many valuable lessons and important revelations about how we operate. While we acknowledge and accept responsibility for these past actions, the report does not fully capture the strengths of KLC or the progress we've made over the last nine months.

Many of the findings identified by the state auditor's office have already been addressed by the new policies and changes put in to place last August and September. I'm working closely with KLC's officers, executive committee and staff to determine the best course of action for any outstanding issues.

Because of the recession, city finances are under more distress than they've ever been. To respond to this issue, we must come together to represent our mutual interest before the legislature. Each session, cities have to protect the resources, tools and revenue streams that are currently in place and be prepared to react to any negative legislation that may harm local government. KLC's 2010 legislative agenda is developed by the Board of Directors as a guide to accomplishing this task. Now more

than ever, we will need your active involvement in the process.

Recently I flipped through one of the earliest editions of The Kentucky City (KLC's original member publication) and came across the following passage:

"The League officials and members have shown they are not merely a body of talkers. They have outlined a legislative program which is wise, and they possess the strength necessary to make an impression on the legislature with their demands."

- The Kentucky City, January 1934

Interestingly, January 1934 would have been about the time that the United States was beginning the long road to economic recovery, which mirrors the position many financial analysts say that we are in today.

This passage holds true even more than 75 years later. Members of the Kentucky League of Cities are not merely "a body of talkers." KLC's legislative agenda is strong, but it will take the strength of our collective membership to make it a reality.

I am going to continue my tenure as President focusing on serving the needs of KLC's membership. I do not take my role as the leader of this organization lightly. It is my job to help guide KLC through the next year as well as support cities as we rebuild our local economies. I hope that down the road, future leaders looking for guidance during a time of crisis will be inspired by what we will accomplish in 2010.



STAY CONNECTED DURING THE SESSION

- ◆ Follow KLC on Facebook for real-time updates on the bills that matter most to city government.
- ◆ Sign up for the *Legislative Bulletin* and the *Legislative Alert*. Every Friday KLC's legislative team sends out the *Legislative Bulletin*, an e-newsletter with a recap of the activities from the previous week, as well as a glimpse at what's coming up. The *Legislative Alert* is emailed to city officials when urgent action is needed.
- ◆ Check out KLC's bill tracker at www.klc.org. You can use the bill tracker to monitor bills that impact local government and find out where they are in the legislative process. Go to KLC's home page during the legislative session to access the bill tracker.

Please contact Sarah Razor at 1-800-876-4552 or srazor@klc.org for help with these tools or to sign up for the *Legislative Bulletin* and *Legislative Alert*.

2010 Legislative Issues at a Glance

	Issue	Solutions
County Employees Retirement System Reform (CERS)	<p>Additional reforms to the public pension system are needed to alleviate the skyrocketing retirement costs that burden city budgets.</p> <p>In 2011, cities will be required to contribute 16.93 percent for non-hazardous employees and 33.25 percent for hazardous duty employees. Without additional reforms, cities should anticipate rates to increase to 26.01 percent for non-hazardous employees and 52.12 percent for hazardous duty employees by 2019.</p>	<p>Cities will seek legislation that would define the "full funding" standard to be used by KRS in calculating CERS employer contribution rates to be set at 80 percent. This funding level is considered by most actuaries to be fiscally sound and will provide cities some near-term relief in employer contributions.</p> <p>KLC will pursue changes in governance to provide for more local government representation on a newly created board of trustees. This would allow for the administration of CERS by a separate board of trustees within the Kentucky Retirement Systems.</p>
Telecommunications Tax Shortfall	<p>An insufficient "hold harmless" amount is causing cities to experience a 15 percent shortfall for telecommunications tax revenue compared to previous collections of local franchise fees and taxes.</p> 	<p>KLC will pursue legislation that will add approximately \$7.5 million to the annual hold harmless fund, which will correct the insufficient hold harmless amount moving forward.</p> <p>The KLC Board of Directors has voted to file a lawsuit against the Finance and Administration Cabinet to recover the revenues lost by cities and to challenge the current funding formula. Currently, local governments have been shorted more than \$30 million from January 1, 2006, through December 31, 2009.</p>
Voluntary Training Incentive for City Officials	<p>Quality and timely training is paramount in enabling elected city officials and key personnel to govern efficiently and effectively.</p>	<p>KLC will seek legislation that will establish a voluntary program for cities that would permit them to adopt ordinances that reward city officials for obtaining relevant training.</p> <p>The legislation would exempt the supplements earned from the prohibition on changing the compensation during an elected official's term of office. The voluntary program would provide an annual financial incentive of \$100 or more for each year city officials meet minimum training requirements.</p>
911 Funding	<p>The decline in the number of landline telephones has left many local governments with decreasing revenues to support increasingly expensive 911 services.</p>	<p>KLC will work with 911 administrators and Kentucky Association of Counties (KACo) on legislation that will ensure stable and adequate funding for emergency response systems.</p>
Protection of City Election Process	<p>The State Board of Elections has received complaints in the last few years that non-city residents were able to vote in city elections and affect the outcome of races.</p>	<p>KLC will seek legislation that would enact a onetime requirement for city clerks to provide a list of all properties within the city and a map of the city boundaries to the county clerk. County clerks would use the information to code voter eligibility so precinct officers can determine whether an individual is entitled to vote in a city election. Any changes in corporate boundaries after the onetime reporting requirement would be completed under the existing annexation and de-annexation laws.</p>
Blighted/Vacant Property	<p>The national financial crisis has resulted in an increasing number of foreclosures and abandonment of residential properties. Many of these homes are vacant, causing residential blight in communities across Kentucky. In some cases it is difficult for city officials to determine ownership and hold a property owner responsible for upkeep.</p>	<p>KLC will pursue legislation that requires creditors to file deeds and provide notice of property transfers in a timely fashion. The legislation will also provide additional avenues for cities to ensure compliance with nuisance and property maintenance codes.</p> 
Charter County Government Property	<p>Currently, the process of creating a charter county government is biased in favor of counties. The statutes require local governments to form a county-dominated commission to study the possibility of charter county government. Furthermore, the judge/executive automatically presides over the commission. These requirements make a spirit of cooperation unlikely.</p>	<p>The charter county government process should be restructured to ensure fairness for cities and counties.</p> <p>KLC will pursue an amendment to the charter county government statutes to provide for equal membership for county and city governments on the commission developing a plan for a charter county government.</p> <p>Additionally, KLC will seek changes that will permit the commission to select its own presiding officer from among the membership.</p>



How It's Made: KLC's Legislative Agenda

The legislative agenda that guides the efforts of KLC's lobbying team is driven by the needs of member cities.

- ♦ Immediately following the previous session, the KLC Board of Directors spend the spring and summer reviewing potential legislative issues brought forth by city officials. KLC staff members provide

background information and input on strategy. If you have suggestions for the Board's consideration, please contact a board officer or J.D. Chaney at jchaney@klc.org or 1-800-876-4552.

- ♦ After careful consideration and extensive discussion, the final legislative agenda is formally adopted by the Executive Board at KLC's Conference & Expo in the

fall and presented before the Interim Joint Committee on Local Government.

- ♦ KLC uses the legislative agenda throughout the session based on the priorities selected by the Board of Directors. The Executive Board also gathers periodically while the General Assembly is in session to make strategy decisions as needed.



- ♦ **January 5, 2010** - General Assembly Convenes
- ♦ **January 18, 2010** - Martin Luther King, Jr. Holiday (no session)
- ♦ **February 3, 2010** - KLC's City Day and City Night
- ♦ **February 15, 2010** - President's Day (no session)
- ♦ **April 13, 2010** - Adjournment (target date)



LEGISLATIVE PRIORITY >>>>>

County Employees Retirement System Reform

For the last few sessions cities have doggedly pursued retirement reforms with some success. The 2008 special session brought about some significant long-term reforms and the passage of House Bill 117 in 2009 will provide some savings for local governments in the next few years.

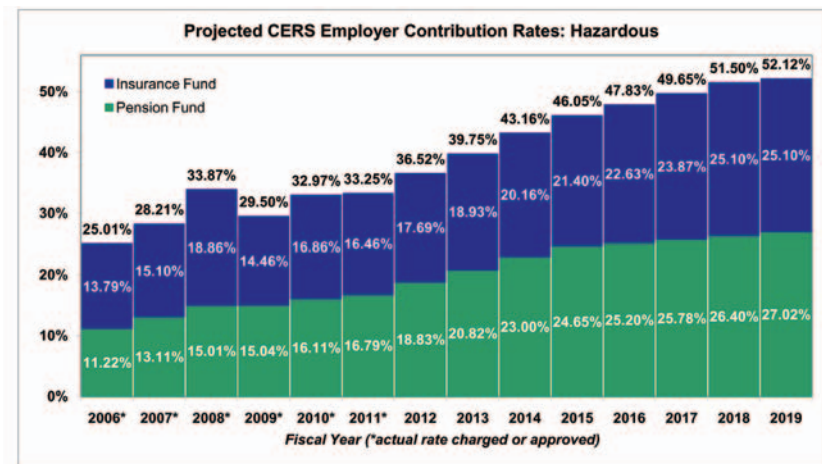
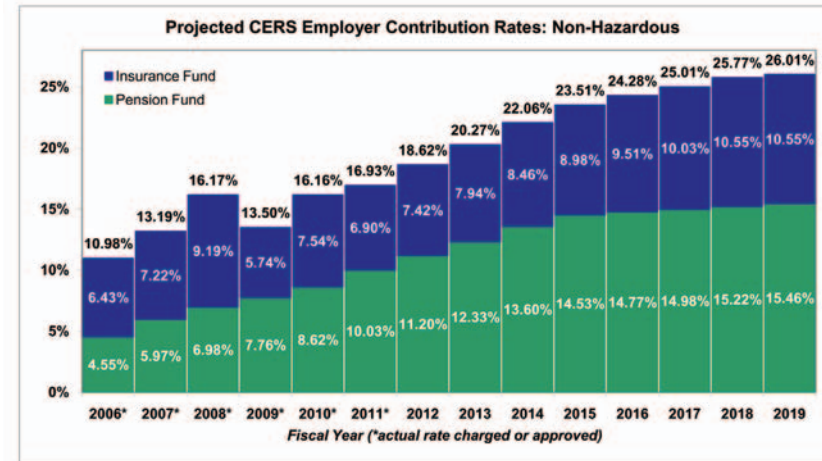
The lower than expected rates are welcome news for cities in a time of financial distress. However, it serves as an important reminder that cities have little to no ability to predict contribution rates each year. Without additional reforms, cities should anticipate rates to increase to 26.01 percent for non-hazardous employees and 52.12 percent for hazardous duty employees by 2019.

Given the limitations imposed by the current legal interpretations of the inviolable contract provisions of the retirement laws, cities have very few options remaining for significant reform to provide rate relief in the near future.

In 2010 KLC will seek to pass reform that would define "full funding" for future health benefits as 80 percent of the actuarially required contribution. The pension portion of the retirement benefit would continue to be funded at 100 percent of the actuarially required contribution. According to the January 2008 "State and Local Government Retiree Benefits" report by the United States Government Account-

ability Office (GAO), "...many experts consider a funded ratio of about 80 percent or better to be sound for government pensions." The accounting standard change will immediately provide a rate reduction for local governments while maintaining the financial soundness of the retirement system.

Additionally, KLC will pursue changes in governance that would allow for a separate board of trustees to administer the County Employees Retirement System within the Kentucky Retirement Systems. The new board of trustees would be made up of a balanced mixture of employer and employee representatives who can adequately represent local government interests in CERS.



Progress has been made, but the mission to achieve affordable rates in the short-term is not yet accomplished. Kentucky's cities are in need of lasting changes that will make employer contribution rates more affordable during the next 10 years. Cities must remain focused on continuing the momentum toward reform in 2010.

In November the Kentucky Retirement Systems (KRS) Board of Trustees announced a moderate increase in local government retirement contributions for FY 2011. The new employer contribution rates for cities, counties and other members of the County Employee Retirement System (CERS) will be 16.93 percent for non-hazardous employees and 33.25 percent for hazardous duty employees. The new rates will go into effect July 1, 2010.

HOW DO THE CERS RATES IMPACT CITY BUDGETS OVER TIME?		
FY 2003 CERS Impact	FY 2011 CERS Impact	FY 2019 CERS Impact
Police officers salary: \$35,000	Police officers salary: \$35,000	Police officers salary: \$35,000
Employer contribution rate for hazardous duty employees: 16.28%	Employer contribution rate for hazardous duty employees: 33.25%	Employer contribution rate for hazardous duty employees: 52.12%
Amount contributed to CERS by city government: \$5,698	Amount contributed to CERS by city government: \$11,638	Amount contributed to CERS by city government: \$18,242

Without additional reforms, cities should anticipate rates to increase to 26.01 percent for non-hazardous employees and 52.12 percent for hazardous duty employees by 2019.

[SAVE THE DATE]



CITY DAY AND CITY NIGHT AT THE CAPITOL!

You are cordially invited to join hundreds of city officials for City Day at the Capitol. This annual event gives city officials an opportunity to come together in support of the issues that matter most to city government, watch the legislative process firsthand and meet with members of the Kentucky General Assembly. Events are held throughout the day at the state capitol, the capitol annex and KLC's Frankfort office. Visit www.klc.org for the full agenda of activities and directions.

Be sure to stay for City Night, KLC's evening of networking with legislators, government leaders and city representatives. Hors d'oeuvres and drinks will be served from 5:00 to 8:00 p.m. at the Frankfort Convention Center.

RSVP to Lynda Schwendeman at lschwendeman@klc.org or 1-800-876-4552 before January 27. Please contact the Capital Plaza Hotel at 502-227-5100 for information on accommodations. The special rate of \$69 for a single room and \$75 for a double room has been negotiated for KLC members.

WANT TO LEARN MORE ABOUT THE LEGISLATIVE PROCESS? SIGN UP TO SHADOW A KLC LOBBYIST

Many city officials who are not very familiar with the legislative process find that the halls of Frankfort are somewhat daunting. KLC has created a shadowing program to help city officials learn their way around the state capitol and gain a better understanding of how the state legislature operates.

As a part of the program you will join a member of KLC's legislative team for a half-day or full day of shadowing in Frankfort where you will:

- ◆ Learn how the policies that impact your city are created in the legislature
- ◆ Attend legislative committee meetings
- ◆ Watch the full House or Senate in session from the balcony
- ◆ Meet with and be recognized by your legislators
- ◆ Observe how KLC works for you in Frankfort

All KLC members are encouraged to participate. At the end of the legislative session, participants will be entered into a drawing to win one of six free registrations at the 2010 KLC Conference & Expo. All participants are eligible to receive up to six hours of elective POESI credit for participating in the legislative shadowing program.

To sign up for shadowing please contact Tresa Short at 1-800-876-4552 or tshort@klc.org.

LEGISLATIVE PRIORITY >>>>>

Abandoned and Blighted Properties

As the number of foreclosed properties has increased over the past year, some Kentucky neighborhoods have become overrun with blight and city code enforcement departments are fighting hard to keep communities safe and well maintained.

In Bellevue the problem of vacant and blighted abandoned homes has landed in the lap of Bellevue Code Enforcement Officer Terry Baute.

"It is difficult to tell if a blighted property is foreclosed or in the process of foreclosure," said Baute. "I would venture to say probably over half of Bellevue's vacant properties are foreclosed properties."

A house can remain vacant for up to a year after an owner leaves foreclosed property. Prior to bank takeover, there is often little to no oversight of property maintenance, and city governments can have a difficult time determining who is responsible for the property and its upkeep during the foreclosure process.

According to Baute, lending institutions do not always notify



Vacant and blighted abandoned homes like this one in Bellevue are a growing problem in many cities in Kentucky.

the local government or change the ownership information. "This is a huge problem due to the fact the owner is now absent, and there is no way of knowing who the contact person is or institution."

While there are many states with a far greater number of foreclosures than Kentucky, even a moderate increase of blighted foreclosures can become an expensive problem for cities.

"This past summer we hired two college students to handle blighted issues of grass cutting and clean up, which impacts our annual budget," said Baute. "We

take pictures of blighted properties and send an invoice for services to the owner who is listed on the PVA records. Sometimes we recoup these funds."

To address this issue KLC will pursue legislation in the 2010 session that requires creditors to file deeds and provide notice of property transfers in a timely fashion. In addition, the legislation will provide additional avenues for cities to ensure compliance with nuisance and property maintenance codes.

“ I've spoken of the shining city all my political life, but I don't know if I ever quite communicated what I saw when I said it. But in my mind it was a tall proud city built on rocks stronger than oceans, wind-swept, God-blessed, and teeming with people of all kinds living in harmony and peace, a city with free ports that hummed with commerce and creativity, and if there had to be city walls, the walls had doors and the doors were open to anyone with the will and the heart to get here. That's how I saw it and see it still. ”

- Former President Ronald Reagan

LEGISLATIVE PRIORITY >>>>>

Telecommunications Tax Shortfall

Much like the state's financial situation, city budgets have recently absorbed the one-two punch of a decline in revenue caused by the crippled economy coupled with the increasing cost of providing adequate services for citizens. For cities, this problem has been worsened by a shortfall in telecommunications tax revenues.

In 2005 the General Assembly passed a telecommunications tax to replace local franchise fees on cable and telephone companies and the local public service property tax. The legislation was intended to hold local governments harmless and fully compensate for revenue lost when franchise fees were eliminated. However, an insufficient "hold harmless" amount was written into law, causing cities to experience a 15 percent shortfall compared to revenue they were promised.

KLC and its member cities supported the 2005 legislation

with the promise city revenues would not be negatively impacted by this change and that cities would share in the growth fund.

"The city of Bowling Green loses almost \$53,000 annually because of the telecommunications tax shortfall," said Bowling Green Mayor Elaine Walker. "That has resulted in more than \$237,000 in lost revenues for our city since 2006 - money that we could have used to hire more police officers, improve a park or repair streets and sidewalks."

This is also a problem for the state coffers. The tax rates are not producing as much funding as anticipated, leaving the state with less revenue than predicted and generating no funds for the promised local distribution growth fund.

During the last three sessions KLC has worked with Rep. Ron Crimm (R-Louisville) on legislation that would make cities

whole by correcting the shortfall going forward. In 2008 more than 50 members signed on as cosponsors of the legislation. Despite bipartisan support for the measure, the General Assembly has failed to act.

KLC will pursue legislation in the 2010 session that will:

- ♦ Add approximately \$7.5 million to the annual hold harmless fund to accurately account for the total revenues local governments were receiving prior to the telecommunications excise tax law
- ♦ Increase the rate to generate growth fund revenue.

In conjunction with legislation, the KLC Board of Directors has voted to file a lawsuit challenging the constitutionality of the telecommunications tax law and seeking compensation for the shortfall in revenue. It is anticipated that the suit will be filed in January 2010.

▶ [MEET THE LEGISLATIVE TEAM]

1-800-876-4552
WWW.KLC.ORG



TEMPLE JUETT
General Counsel
tjuett@klc.org

Temple Juett serves as a member of KLC's executive management team and is the chief legal officer. He is also a registered lobbyist and supervises the KLC Legislative and Policy Development Program, which represents the interests of city government in Frankfort. Prior to joining KLC in 1999, he worked for 11 years as a practicing attorney in Lexington.

"The success of our legislative program is completely member driven. If city officials do not contact their legislators about issues, we will have a hard time getting anything done in Frankfort."
- Temple Juett

J.D. CHANEY
Director of Governmental Affairs
jchaney@klc.org



A native of Richmond, Ky., J.D. Chaney is a high honors graduate of the University of Montana where he received his Bachelor of Arts degree in political science and economics. He received his law degree from the University of Kentucky College of Law and a Master of Business Administration from Eastern Kentucky University.

J.D. served as KLC's counsel for member legal services for five years before entering his current position as the director of governmental affairs. His background in municipal law gives him a unique understanding of the legislative needs of member cities.

"Kentucky cities have yet to realize their full potential to influence the General Assembly. City officials must become more involved in the legislative process and engage city employees and citizens as legislative advocates for their communities. City leaders are in the best position to carry the message that strong cities are crucial to make the state a better place for future generations of Kentuckians." - J.D. Chaney



JOE EWALT
Director of Policy Development
jewalt@klc.org

Joe joined the Kentucky League of Cities in 1998 and is currently director of policy development. His primary responsibility is the research and policy analysis that supports KLC legislative advocacy efforts for Kentucky cities. Before joining KLC he spent six years as an administrative aide to Lexington Mayor Pam Miller. Mr. Ewalt served as legislative liaison for the mayor's office and was the telecommunications officer for the Urban County Government. He received an undergraduate degree in telecommunications and a Master of Arts in communications from the University of Kentucky.

"City officials can really help the KLC legislative effort by supplying our policy development staff with local impact numbers or stories that help us show why a bill should, or should not, pass." - Joe Ewalt

[MEET THE LEGISLATIVE TEAM]

TONY GOETZ
Legislative Liaison
tgoetz@klc.org



Tony is somewhat new to KLC but is a very familiar face in the halls of Frankfort. Tony has worked with the respective administrations and legislatures from 1965 to 2005. His prestigious career includes experience as the executive director for several healthcare related nonprofits, various administrative roles at the University of Kentucky and legislative liaison for Governor Fletcher. The Kentucky League of Cities is proud to be represented in Frankfort by someone with the integrity and expertise of Tony.

"The involvement of our city officials in the League's lobbying process is absolutely crucial to our success. It is urgent that all of our local elected officials get quality face time with their legislators at home because that will make phone calls to them during a session more effective. You share constituents with your legislators and working together on issues affecting cities will be beneficial to all." - Tony Goetz



BERT MAY
Contract Lobbyist
bert.may@dinslaw.com

It would be hard to find someone who understands the practical side of city government like Bert May. After serving as mayor of Mount Sterling for 13 years from 1986 to 1998, Bert lobbied on behalf of all cities at the Kentucky League of Cities until his retirement in 2007. Today, Bert continues to advocate on behalf of cities as a contract lobbyist with Dinsmore & Shohl. KLC also benefits from the services of Dinsmore & Shohl's Carl W. Breeding, who brings more than 25 years of experience as a government relations and environmental lawyer, and Lloyd "Rusty" Cress, Jr., who has extensive experience with environmental and natural resource laws and regulations.

"Building relationships with your legislators is critical to the success of our legislative agenda. Even though you may be politically opposed to your legislator, you need to work together for the good of your community. Remember, your constituents are their constituents too. Don't be afraid to give them credit where credit is due. Invite them to a council meeting, thank them for a specific vote or support on an issue. This costs nothing and is good for both of you." - Bert May

“A city is a partnership for living well.”
- Aristotle (384-323 BC)

LEGISLATIVE PRIORITY >>>>>

Kentucky Cities Struggle for 911 Funding

Almost every city official would agree that ensuring public safety to citizens is one of the most crucial and essential services a city government provide. Local 911 centers serve as the very first line of protection for citizens. Unfortunately, the funding mechanism that cities use to provide essential 911 centers has nearly become obsolete because of the explosion in number of cell phones and the decline in use of landlines.

While local governments have the ability to assess fees for 911

services on land-based telephone lines, the state sets, collects and distributes the 911 fee for cellular phones. The decline in popularity of landline telephones has left many local governments with decreasing revenues to support increasingly expensive 911 services. Total revenues from 911 wire lines are dropping statewide an average rate of four percent annually. Anecdotal evidence also shows that as cell phone usage increases and phones are more accessible to more people in emergencies, the demand on 911

services has increased.

KLC is working with 911 administrators and the Kentucky Association of Counties on legislation that will ensure stable and adequate funding for emergency response systems. Cities will need the support of the legislature to find a way to update this antiquated funding source to ensure that local governments can continue to provide responsive public safety services to the state's citizens.

LAW ABIDING >>>>>

City Publication Guidelines

Lexington takes legal action to determine the legality of rates charged for government publications

Every city in Kentucky is required by law to publish certain legal advertisements. These laws serve a very valuable purpose: to inform citizens of the important actions taken by their city governments. Public notice is a clear-cut goal, but achieving it can be very complicated. The statutes set forth strict requirements regarding time frames, format, language, and other details that vary depending on the publication. Despite all the hurdles, we know our members work very hard to meet their statutory duties and responsibilities to their citizens.

In today's economic climate, perhaps the most difficult part of complying with publication requirements is the struggle to afford newspaper advertising costs. To help understand how much they should be paying, cities should be aware of the statutory rate requirements for city advertisements, as established in KRS 424.160(1).

The statute states that publishers are entitled to receive payment for each insertion at a rate per column inch and prohibits advertisements from being set in larger than seven point type on solid leading.

Because these advertisements are mandatory under the law, the statute includes safeguards to assure local governments are being charged fairly for the publications. Rates may not exceed the lowest noncontract classified rate paid by advertisers, and volume discounts given to commercial customers must be extended to public agencies. Finally, newspapers must give local public agencies at least 30 days written notice of an advertising increase.

A problem can arise when newspapers and cities have different interpretations of how this statute affects the actual costs of city publications. This recently became evident in Lexington, when the Lexington-Fayette Urban County Government (LFUCG) filed a declaration of rights action against the Lexington Herald-Leader to determine the legality of rates charged for government publications required by law.

LFUCG's concerns stem from the Herald-Leader's policy requiring LFUCG to publish its legal advertisements in the largest point type allowed under KRS 424.160(1), while allowing other

advertisers to use smaller, less costly type. LFUCG claims this policy results in a rate that exceeds the lowest noncontract classified rate paid by other advertisers, in violation of the statute. The Herald-Leader believes their policies do comply with the statutory requirements.

When a city and a newspaper disagree over rate requirements, a city's opportunities to resolve the situation are limited. Like Lexington, most cities only have one newspaper that is legally qualified to publish its advertisements. This means a city usually will not have the option to move its business to another newspaper to get a better price. To assure cities are receiving the rates the legislature intended and to prevent unnecessary costs from being added to budgets that are already strained, it is very important that cities and newspapers both understand the rate requirements under the law.

KLC will keep you updated on Lexington's lawsuit. For more information regarding city publication requirements contact KLC's Legal Services Department at 1-800-876-4552.

LAW ABIDING >>>>>

City of Hopkinsville, KLC Pursue Legal Action Against AT&T

Declaratory judgment would determine if AT&T is required to obtain a cable franchise

The City of Hopkinsville and the Kentucky League of Cities filed a lawsuit against AT&T in mid-December that seeks a declaratory judgment to determine if AT&T is required to obtain a cable franchise to provide IP-enabled video services within the Hopkinsville city limits. KLC is assisting Hopkinsville as the co-plaintiff in this lawsuit through the KLC legal advocacy program, which represents the collective legal interests of member cities in

the courts throughout the Commonwealth.

In 2009, Hopkinsville requested AT&T submit an application for a cable franchise to provide IP-enabled video services. AT&T refused, relying on its rights under a perpetual telephone services franchise that was granted by the Kentucky General Assembly over 100 years ago.

Allowing this telephone franchise to continue to control a city's ability to franchise new

technology services could quickly snowball into a harsh restriction on a city's home rule authority and constitutional right to control its public ways. A favorable declaratory judgment would assure the constitutional franchise rights of all Kentucky cities are protected.

KLC's legal department will keep membership informed of the progress of this legal action. If you have any questions, please contact Laura Ross at 1-800-876-4552 or lross@klc.org.

Cities Should Prepare for Battle Against Harmful Legislation

While defeating or amending bills that are harmful to cities does not always get the attention that passing initiatives does, it is an equally important component of KLC's legislative strategy. During the 2009 legislative session KLC successfully defended cities against the passage of more than 20 bills that would have eroded the home rule principle (see side bar) or posed a threat to local budgets. City officials should be prepared for similar battles in Frankfort during the 2010 session.

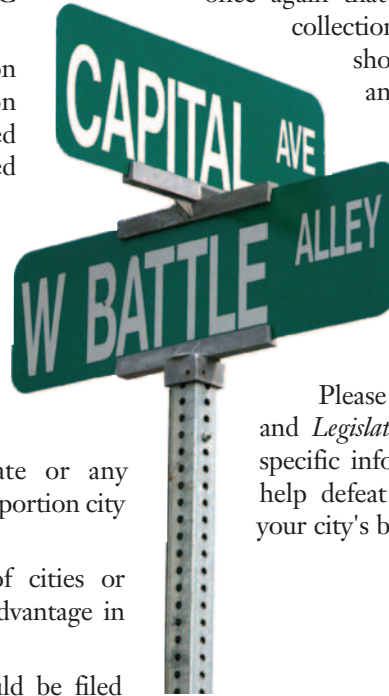
"For cities to thrive, city officials must have the authority and freedom to make the decisions that are in the best interests of their citizens," said J.D. Chaney, KLC's director of governmental Affairs. "As the cornerstone principle for all of the League's legislative decisions, KLC staunchly defends and promotes home rule."

The Kentucky General Assembly enacted KRS 82.082 in 1980 to give all cities broad "home rule" powers. Home rule authority grants cities the power to perform any function to further a public purpose within cities as long as the action does not conflict with state law. Simply put, home rule permits local decisions to be made locally.

In the spirit of home rule, KLC opposes legislation that:

- ♦ infringes upon local decision making, such as legislation that results in unfunded mandates or mandated collective bargaining
- ♦ threatens or negatively impacts city revenues, including the centralized collection of any city revenues by the state or any proposal that would reapportion city revenues
- ♦ threatens the physical growth of cities or places cities at a competitive disadvantage in providing public services

KLC anticipates that legislation could be filed



once again that would mandate the centralized collection of city revenues. City officials should also be prepared to oppose any measure that would require city governments to redistribute payroll tax receipts. Additionally, KLC's legislative team is prepared to defend cities from any legislation that might mandate collective bargaining.

Please watch for the *Legislative Bulletins* and *Legislative Alerts* during the session for specific information on what you can do to help defeat harmful legislation and protect your city's best interests.

CITYDAY

FEBRUARY 3, 2010, 8:00 A.M. TO 5:00 P.M. EST
KLC FRANKFORT OFFICE AND CAPITOL ANNEX, FRANKFORT, KENTUCKY

Please join the Kentucky League of Cities for the annual day of city advocacy in Frankfort . . .

CITYNIGHT

FEBRUARY 3, 2010, 5:00 P.M. TO 8:00 P.M. EST
FRANKFORT CONVENTION CENTER, FRANKFORT, KENTUCKY

and an evening of networking with legislators, government leaders and city representatives.



KLC Direct is designed internally to save our members money.



January 2010 | Vol. 12 Issue 1

PAID
U.S. POSTAGE
PERMIT #879
LOUISVILLE, KY

KLC Direct is a monthly publication of the Kentucky League of Cities. Any comments or article suggestions should be forwarded to: Kentucky League of Cities, 100 East Vine Street, Suite 800, Lexington, KY 40507-3700 • 859.977.3700 • 1.800.876.4552 • Fax: 859.977.3703 • www.klc.org



KLC Direct
A Kentucky League of Cities Publication

Going Green Will Require More Gr\$\$\$ from Cities

Much of what you hear from the U.S. Environmental Protection Agency these days is advice on best management practices, smart growth and going green. But hidden behind the softer side of the agency is an enforcement operation that is sending signals of tougher times ahead for cities, farmers and commercial sources of water and air pollution.

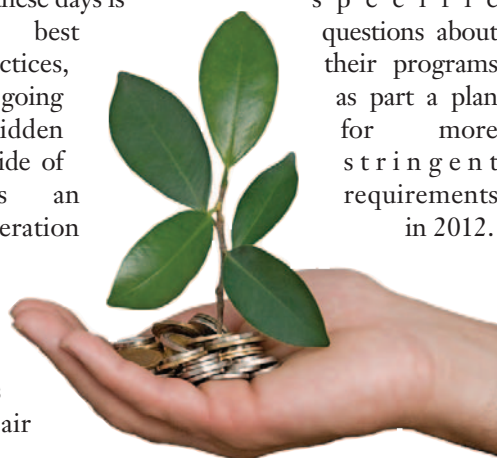
During an environmental conference late last year new EPA Administrator Lisa Jackson said her agency will be closely monitoring state regulators and will not hesitate to step in when it feels a state is not adequately enforcing the law. Noting that many state environmental protection programs are 20 or 30 years old, Jackson said, "We might need to hit the reset button."

That statement came a month after EPA published a Clean Water Act Enforcement Action Plan that says the agency will start holding itself and states to a higher level of performance when it comes to protecting water quality. The report also says the EPA will revisit the division of work with states that are hard-pressed for resources right now, another indication that a newly aggressive EPA plans its own crackdown on violators of water quality regulations.

Also in fall 2009 EPA was announcing that it will punish the six states in the Chesapeake Bay watershed if they don't meet specific new clean water targets in the coming years. According to the Washington Post the EPA is moving from being a shepherd to a role of stern taskmaster in the fight to curtail polluted stormwater runoff from urban areas, farm fields and concentrated animal feeding operations.

As if to underscore the point, EPA cited 14 communities in Pennsylvania and Maryland for stormwater violations and ordered corrective action with fines as punishment for non-compliance. About the same time EPA announced that it

will survey local stormwater managers with a long list of specific questions about their programs as part a plan for more stringent requirements in 2012.



In Kentucky, state and federal regulators are pressuring large and small cities alike to impose more stringent, and more costly, controls to protect stormwater quality. At the same time the 17 so-called combined sewer overflow (CSO) communities that have already agreed to collectively spend hundreds of millions of dollars fixing their old and overtaxed wastewater systems are nervously awaiting word from the EPA on the possibility that additional projects may be needed.

The EPA has also announced that it will reconsider current air quality standards for fine particulates and ozone. If the standards are substantially lowered, as expected, half of the counties in Kentucky could be designated as non-attainment for one or both of the pollutants. Non-attainment status often leads to special restrictions that can mean slower growth and higher gasoline prices in the affected areas.

An activist EPA will not be able to immediately change the rules and make environmental protection more expensive for cities but the flurry of enforcement activity in 2009 is fair warning. City officials should be trying to estimate needs and then searching for sources of revenue to pay for an inevitable increase in the cost of becoming greener and more sustainable.

For more information about environmental issues contact Joe Ewalt, KLC Director of Policy Development, at 1-800-876-4552 or jewalt@klc.org.

“What do we live for, if it is not to make life less difficult for each other?”
- George Eliot

INSURANCE NEWS >>>>>

KLCIS Safety Grant Opens January 1, 2010

The Safety Grant program was developed in 1999 as a way for KLCIS insurance members to stretch their safety budgets. Changes have been made to the Safety Grant application this year; therefore it is important to read everything thoroughly before submitting an application.

The application is available online www.klc.org

Important Safety Grant Program Dates:

- ◆ Application Available on www.klc.org: January 1, 2010
- ◆ Application Period: January 2 - March 15, 2010
- ◆ Notification Date: April 15, 2010
- ◆ Reimbursement Receipts



to be Received by: June 1, 2010

- ◆ New Purchasing Period: We will consider items purchased between July 1, 2009 and May 30, 2010.

The Deadline for submitting applications is March 15, 2010.

All applications must be received by the Kentucky League of Cities, Attn: Lana McCoy, insurance assistant. You may also email lmccoy@klc.org or fax your application to 859-977-0192.

LEADERSHIP ADVANTAGE >>>>>

Get on Board!

The Kentucky League of Cities has the statutory responsibility to recommend members for appointment to several state boards and commissions. To fulfill this obligation, KLC submits names to the Governor's office for consideration in filling expiring board positions. Currently, KLC is seeking individuals who are interested in serving on the following boards:

- ◆ **Animal Control Advisory Board** - KRS 258.117

Composition - Governor appoints twelve members as follows: Two members each selected from a list of three nominees submitted by the following organizations: KY Animal Control Assn., KY Veterinary

Medical Assn., KY Farm Bureau, KY Assn. of Counties, KY Houndsmen Assn., and KY League of Cities. Board selects chair for a term of two years.

Term - 4 years

Compensation - \$100.00 per day and expenses

Description - Created for the purposes of evaluating applications for and reviewing disbursements from the animal control and care fund, creating training programs, and other duties relating to animal control and care in the counties of the Commonwealth.

Meetings - Quarterly

- ◆ **Wireless Interoperability Executive Committee** - KRS 11.5163

Composition - The Kentucky Wireless Interoperability Executive

Committee shall consist of twenty-one (21) members including a representative from a municipal government to be appointed by the Governor from a list of three (3) names submitted by the Kentucky League of Cities.

Term - 2 years

Compensation - None

Description - The executive director shall establish and implement a statewide public safety interoperability plan. The committee shall serve as the advisory body for all wireless communications strategies presented by agencies of the Commonwealth and local governments. The committee shall develop funding and support plans that provide for the maintenance of and technological upgrades to the public safety shared infrastructure, and shall make recommendations to the executive director, the Governor's Office for Policy and Management, and the General Assembly.

Meetings - Quarterly

If you would like to be considered for a position on one of these boards, please contact Eleanor Barbour before January 30, 2010.

Eleanor Barbour
100 East Vine Street
Suite 800
Lexington, KY 40507
Phone: 1-800-876-4552
Ext. 3714
Email: ebarbour@klc.org