

# **AREA DEVELOPMENT DISTRICT WORKING GROUP**

## **Minutes of the 6th Meeting of the 2019 Interim**

**November 15, 2019**

### **Call to Order and Roll Call**

The 6th meeting of the Area Development District Working Group was held on Friday, November 15, 2019, at 10:00 AM, in Room 149 of the Capitol Annex. Senator Christian McDaniel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Suzanne Miles, Co-Chair; Senators Dennis Parrett and Brandon Smith; Representatives Jim DuPlessis and Susan Westrom.

Guests:

LRC Staff: Mark Mitchell, Jennifer Hays, and Chase O'Dell

### **Approval of Minutes**

A motion was made, and seconded, to approve the minutes of the October 30 meeting. The minutes were adopted by voice vote.

### **Discussion of the DRAFT Report of the Area Development District Working Group**

Jennifer Hays stated that the findings of the report were comprised of staff observations, comments from outside parties, and information that Ms. Hays had received from members of the working group.

Ms. Hays testified that staff found no concrete reasoning for the number of Area Development Districts (ADDs) and their boundaries. Population statistics, income statistics, and geographical notes related to how ADDs exist today were found. Ms. Hays received comments that suggested ADD boundaries should be looked at again based on population statistics. She added that geography, the number of governmental units within an ADD, and the land mass and square miles within an ADD should also be considered in determining boundaries. Ms. Hays said that reducing the number of ADDs may create savings.

Ms. Hays stated that information was received from representatives of the ADDs on board members who have more or less than three years of tenure. There are three districts that have a majority of members with less than three years of tenure. There was no recommendation made related to tenure.

Ms. Hays pointed out that the special purpose governmental entity (SPGE) reports that are required under KRS 65A.020 are filed by many types of entities. The categories of revenues and expenditures are standardized. Many of the categories do not apply to the ADDs. However, it was pointed out that these reports are good for the public to use to understand the activities that ADDs have.

Ms. Hays stated that there are no standards set for the reports that are required to be filed with the Legislative Research Commission (LRC) under KRS 147A.115. Because of this, important information is sometimes missing from the reports. Several changes may be needed to standardize these reports. During testimony this interim, the ADDs pointed out that they were moving towards all ADDs reporting on a governmental reporting basis. Statutory changes may be required to standardize these reports.

Ms. Hays testified that the financial reporting that is currently required will not conclude whether monies are used appropriately. Because of this, there may need to be a requirement for a management or performance-type audit to be performed.

Ms. Hays said that the report recommends codifying in statute the formula used for Joint Funding Administration (JFA) distributions.

Representative Miles made a motion, seconded by Senator Smith, to approve the Report of the Area Development District Working Group. The report was approved with 6 yes votes and 0 no votes.

Representative Westrom said that she appreciated the staff of the working group.

Senator McDaniel echoed Representative Westrom's comments.

Representative Miles thanked the staff, ADD representatives, and the various agencies that provided information.

With no further business before the working group, the meeting was adjourned.